





UK NEWS

Trafalgar may expand its building materials work

BY ANDREW TAYLOR

TRAFALGAR HOUSE, the construction property and shipping group, is considering a big expansion of its building materials interests.



Sir Nigel Brookes: Major expansion considered

companies: Thermo Acoustic Products, which makes ceiling tiles and panels, and Echostop Systems, which manufactures gypsum plaster ceiling tiles and reinforced gypsum panels.

These companies could not constitute a building materials division or provide a base from which development could take place, brokers said last night.

British construction output has risen every year since 1981 and now stands at its highest level since the early 1970s.

Earlier cuts in production capacity have made it difficult to meet demand for some products.

Thatcher talks fail to allay Irish fears

By David Buchan in Brussels

MR CHARLES HAUGHEY, the Irish Prime Minister, met Mrs Margaret Thatcher yesterday and promptly described her response to his complaints about recent British moves concerning Northern Ireland.

At a half-hour meeting in the margins of the Brussels summit, the Irish leader pressed home his concerns. They focused on the UK's decision not to prosecute Royal Ulster Constabulary officers whose alleged shoot-to-kill policy was the subject of the suppressed Stalker-Sampson report, and a UK court's refusal to reopen the case of the six men given life sentences for bombing a Birmingham pub in 1974.

Calling yesterday's meeting "calm and dignified", a British official said Mrs Thatcher and Haughey were "friendly and reminded him that the UK judiciary was independent of government."

She said Mr Tom King, the Secretary of State for Northern Ireland, would soon make a statement on an early convening of the Anglo-Irish inter-governmental conference. It was important that the Anglo-Irish agreement should continue to be in the interests of both countries that they cooperated on security.

Opren offer accepted by 1,221 claimants

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE FINAL deadline set by Eli Lilly, the US manufacturer of the now banned arthritis drug Opren, for acceptance of the company's widely criticised \$2.27m compensation offer expired yesterday.

Mr Roger Pannone, one of the solicitors acting for the 1,254 UK claimants covered by the offer, said 1,221 had accepted. Another 96 who are also allegedly victims of the drug, had accepted subject to arbitration, 28 had rejected it

and the remaining six had not responded by the 5pm deadline. Mr Pannone said that those who had refused would presumably try to continue fighting Lilly in the courts, but even if they won, they could not expect to get much more than they had already been offered.

That, he said, was because the amounts offered had been fixed on the basis of the English legal precedents for damages, reduced by a third because the money was being

paid now without the risks involved in litigation. That meant that only one third could be at issue in any litigation.

Those who have accepted subject to arbitration are likely to have their cases reviewed during the next few months by Mr Justice Hirst, the High Court judge who has handed the Opren litigation.

The arbitrations might result in individual offers being increased, reduced or kept the same. Any increase will mean

an across-the-board reduction in the amounts being offered to other people, as the global total of the compensation cannot be increased by the arbitration.

The 28 who have refused the offer are likely to join another several hundred who allege that they have been injured by Opren and intend taking legal action against Lilly. Their claims were not made by a January 1987 deadline set by the High Court, so they were excluded from Lilly's offer.

Securities body rules approved

BY DAVID LASCELLES

THE RULE BOOK for the Securities Association (TSA), the newly-formed self-regulatory body of the UK securities industry and the Stock Exchange, cleared a significant hurdle yesterday when it won approval by the Office of Fair Trading.

Sir Gordon Borrie, Director General of Fair Trading, said in a report to Lord Young, the Trade Secretary, that he had found nothing in the rules with an anti-competitive effect.

Under the Financial Services Act, the Trade Secretary must consent to any rule granting recognition to any of the self-regulatory bodies which have been set up in the City to oversee the UK investment industry in the post-Big Bang era.

Sir Gordon said he had paid particular attention to the capital requirements set out by the TSA for firms participating in the investment business because these could keep potential competitors out of the market.

However, he accepted that these requirements were made to increase confidence in markets which were likely to be volatile, and his main concern was to ensure that the costs were not unnecessarily high.

Sir Gordon will also keep under review other issues which might require action if an effect on competition were to become apparent. These included potential distortions between unit trusts and investment trust savings schemes.

The OFT said they had also noted complaints about similarities between commissions charged by brokers to small investors in spite of the ending

of fixed commissions.

The Stock Exchange had been exempted from the Restrictive Trade Practices Act, but the office could take action under the Financial Services Act to end anti-competitive practices.

The OFT has now approved the rule books of four SROs, the other three being FIMBRA, AFBD and IMRO. The final one from LAUTRO is awaited.

The office also believes the rule books of the other three SROs will have the effect these could have on customers' accounts, the OFT has told the Banking Services Law Review Committee.

Bill to sell off BSC published

By Nick Garnett

THE ENABLING bill for the privatisation of the British Steel Corporation was published by the Government yesterday.

The bill will complete its stages through Parliament this session, becoming law no later than October this year.

The exact form and the timing of privatisation have still to be decided. The corporation itself would like to be privatised before the end of the year.

Mr Kenneth Clark, the Industry Minister, said he hoped to see the corporation in the private sector within the next two years.

Government officials emphasised that the reference to the two-year period did not reflect any change in the thinking of ministers on the timing of privatisation.

At the end of last year, Mr Clark indicated that this would probably be either at the end of 1988 or the early part of 1989.

Mr Clark said yesterday: "The time is now right for the corporation to be free to manage its own affairs and to take business decisions on a commercial basis, free from political interference, to make the most of the market opportunities that are available to it."

The bill's financial provisions will not result in the writing off of any of the corporation's debts. "All the present liabilities of the corporation will be taken on by the successor company," Mr Clark added.

The privatisation of the corporation, which might raise between £1bn and £2bn, is following the same legal path as other privatisation issues with the formation of a private company in which the Government holds all the shares followed by sale of shares to the public.

Riverside scheme approved

BY ANDREW TAYLOR

PLANS FOR a £100m riverside housing scheme on one of London's most controversial development sites, the so-called Green Giant site, south of the Vauxhall Bridge, have been approved by Mr Nicholas Ridley, Environment Secretary.

Regalian Properties wants to build 260 riverside flats, a leisure centre, shops, office suites, a restaurant and a wine bar on the three-acre site, which enclosed the 18th-century Vauxhall Gardens and has lain derelict for the past 30 years.

The proposals were opposed by Lambeth Council and were the subject of a lengthy planning inquiry, which ended last August.

Regalian said yesterday that Mr Ridley had supported the recommendation of the inquiry

inspector in giving the scheme the go-ahead.

The site was owned by Esso in the 1950s. Esso sold it to Land Securities which, after failing repeatedly to win permission to develop the site, offered it to the highest bidder over £1.

European Ferries, the property development and ferries group, now part of Peninsula and Oriental, secured the site from Land Securities for £1, it is believed, about £250,000.

It became known as the Green Giant site after the tinted glass that was proposed for a 500ft office block. European Ferries wanted to build on the site. That scheme, which would have overlooked the Houses of Parliament, was blocked by Mr Michael Heseltine, then Envi-

ronment Secretary.

The site continued to be dogged by controversy. In the early 1980s it was acquired by Arunbridge, a privately owned property company run by Mr Ronald Lyons and backed by Arab money, which also owned the adjacent Effra site at the foot of Vauxhall Bridge.

Plans for an office development on the two Vauxhall sites were approved by Mr Heseltine after an architectural competition but they had to be abandoned when Arunbridge ran into serious financial difficulties.

Regalian is understood to have paid Arunbridge's Arab bankers between £5m and £10m for the Green Giant site. The Effra site was acquired by Samuel Properties in 1986.

Move on Whitehall reforms

By Michael Cassell, Political Correspondent

A GOVERNMENT statement on plans for a radical reshaping of the management of the Civil Service is expected in the Commons next week.

The proposals, which might include the transfer of some executive, administrative functions within the Civil Service to semi-independent agencies, are intended to improve efficiency and are likely to go before next Thursday's meeting of the Cabinet.

It is understood that the leaders of the Civil Service unions, together with the permanent secretaries of the departments concerned, have been put on alert for an announcement after the Cabinet has discussed a report submitted by Sir Robin Bibb and the Cabinet Office Efficiency Unit.

Last night, the Cabinet Office said the proposals were still under consideration by ministers. The document was handed over to the House of Commons before the last general election. It has since emerged that the proposals to establish autonomous management bodies, with their own budgets and financial disciplines, has met resistance within the Treasury, which is reluctant to surrender any of its responsibility for public spending.

Blunkett warns Kinnock's challengers

By Michael Cassell

ANY LEFT-WING challenge to Mr Neil Kinnock's leadership of the Labour Party would end in "a humiliating and completely demoralising" defeat for the individual concerned, Mr David Blunkett, the Labour MP for Sheffield Brightside, warned yesterday.

Mr Blunkett, who is also a member of Labour's National Executive Committee, told his constituency party last night that any such challenge would inevitably result in a further fragmentation of the left and divert attention from the critical issues facing the party.

His warnings were clearly aimed at the left-wing Campaign Group of MPs, who are still considering whether to nominate a contender to challenge Mr Kinnock for the party leadership this autumn.

Mr Blunkett told his constituency party that any left-wing-inspired contest would create "a situation of almost omnipotence for the leader."

Two executives leave Kalon paints group

By Fiona Thompson

KALON GROUP, the Batley, West Yorkshire paints and chemicals company, announced yesterday that Mr James McDonald, group managing director, and Mr Douglas Payne, finance director, had left the company.

Mr Mark Silver, a director and son of the chairman, Mr Leslie Silver, refused to comment on why the two senior directors were departing so abruptly, or give any information about compensation terms.

A full explanation would be made "in the next four to six weeks," he said.

Just over nine months ago, Mr Payne's predecessor as finance director, Mr Edward Moore, resigned after what the company described as irreconcilable differences between himself and the chairman.

Mr Leslie Silver, who is also the main shareholder, said last December that he was considering retiring and would sell his shares.

However, a statement yesterday said he would remain as executive chairman.

Mr Mike Hennessy, previously decorative division managing director, has taken over as group managing director.

Kalon reported 1986 pre-tax profits of £4.93m, a 75 per cent increase on 1985. But for the six months to June 30, 1987, profits tumbled to £556,000, compared with £1.54m for the comparable period the previous year.

Times and Telegraph announce price rises

BY RAYMOND SNOODY

TWO QUALITY newspapers, The Times and the Daily Telegraph, will increase their price by 5p to 30p on Monday. It is the first price rise at either paper for more than two years.

The Independent is expected to increase its price by the same amount on Monday week. Prices rises at the quality end of the market have been expected for some time in the face of dramatic increases in the cost of newsprint, but there was surprise that The Times had helped to lead the way.

The decision to increase the price of The Times was said to have been taken by Mr Rupert Murdoch, chairman of News International.

Mr Andrew Knight, chief executive of The Daily Telegraph said yesterday: "We decided on the increase some weeks ago and we didn't know about The Times."

The increases will come as a great relief to Mr Andrew

Whittam Smith, editor and chief executive of The Independent, who wanted to avoid being the first of the quality broadsheets to blink.

At a cover price of 30p, The Independent will become profitably immediately, and should make more than £1m over the next 12 months.

There has even been speculation that the Telegraph may have deliberately decided to let The Independent off the hook to help to stimulate the overall growth of the quality newspaper sector.

The Guardian, which yesterday presented readers with its new look is not following its rivals at the moment.

However, the Guardian is likely to increase its price some time this year, although not necessarily by as much as 5p.

The Financial Times recently increased its price by 5p to 45p and blamed the increase on rising newsprint costs.

Lear Fan plant bought

By Nick Garnett

THE Northern Ireland plant of the defunct Lear Fan experiment aircraft project in which the Government put £56m has been bought by a local manufacturing company for an undisclosed sum.

F G Wilson, a family-owned supplier of generating sets, bought it from the receiver, its own facility at Newtownabbey,

north of Belfast, is beside the former Lear Fan site.

The sale includes technology and sophisticated equipment used in Lear Fan's carbon-fibre manufacturing.

F G Wilson had sales of £25m last year. Mr Fred Wilson, chairman, said it wanted the site to expand generating-set output.

Liberal chief in merger plea

By Michael Cassell

MR ADRIAN SLADE, the Liberal Party President, yesterday called on Liberals and Social Democrats to give a "thumping majority" in the merger ballot which is now taking place.

More than 90,000 Liberals and 54,000 members of the SDP will in the next three weeks have the chance to vote for or against the creation of the Social and Liberal Democrats, which is scheduled to be launched next month.

Mr Slade believed there was no future in the kind of political isolation that Dr David Owen, the former SDP leader, and his "misguided handful" of colleagues had chosen.

The results of the ballot will be announced on March 3.

Copying switch attacked

By Raymond Snood

THE PUBLISHERS Association yesterday accused the Government of bowing to pressure from industry by changing its mind on proposals to introduce a licence for photocopying for commercial research.

The Government plans to introduce an amendment to the Copyright, Patents and Designs Bill that will bring photocopy-

ing for commercial research within the scope of "fair dealing." As a result, companies will not have to pay fees for photocopying copyright material.

The Department of Trade and Industry said the amendment was being moved because the proposed licensing would have been too bureaucratic.

Challenge to CEBG's grid ownership

By Max Wilkinson, Resources Editor

SIR PHILIP JONES, chairman of the Electricity Council, is expected next week to offer an open challenge to the Central Electricity Generating Board's campaign to keep control of the transmission grid after the industry is privatised.

The Electricity Council is the supreme body for the industry south of Scotland, established to co-ordinate the policies of the CEBG and the 12 area boards which sell power to customers.

Arguments within the council have failed to reconcile opposing views on who should control the grid after privatisation.

The CEBG claims that the grid and its 78 power stations form an integrated system, which must be managed together to avoid black-outs and to ensure that customers receive electricity from the

cheapest power plant.

However, most of the area boards believe that the grid should be jointly owned by them to assure independent power suppliers free access.

Sir Philip, who has so far avoided taking any public stance in this debate, is expected to come down firmly in favour of removing the grid from the ownership of the CEBG in evidence next Wednesday to the Parliamentary Select Committee on Energy.

Mr Cecil Parkinson, the Energy Secretary, has told industry leaders that the Government's privatisation plan involves breaking the CEBG into three parts and selling the 12 area boards separately. The CEBG will lose ownership of the grid which will be transferred to a company jointly owned by the area boards.

The board will also be required to divest itself of about 30 per cent of its power stations to form the nucleus of a competing company.

In written evidence to the select committee last month, the Electricity Council said a working group set up to study privatisation had recommended that the CEBG should be allowed to keep all its existing generating plant, but that new competing companies should be encouraged.

Although this was not formally agreed by the council, it seems likely to be the view which Sir Philip will put forward on Wednesday.

Lord Marshall, chairman of the CEBG, is still hoping to change the Government's mind before its proposals are formally presented to the Cabinet in a White Paper.

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FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

FTS

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Also included in this 108 page issue are revealing profiles of Girobank, Tesco, and best building societies, plus all the latest features including a detailed performance analysis of every share, unit trust and investment trust.

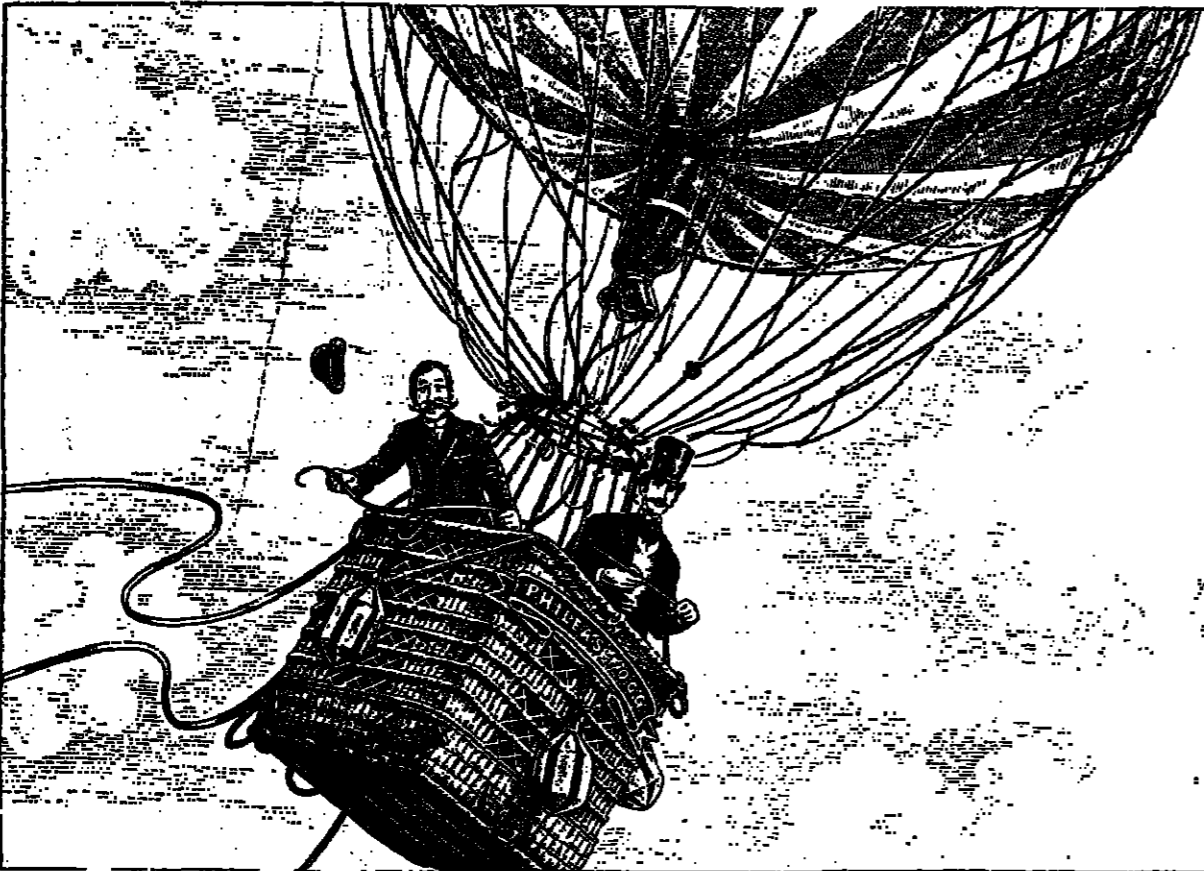
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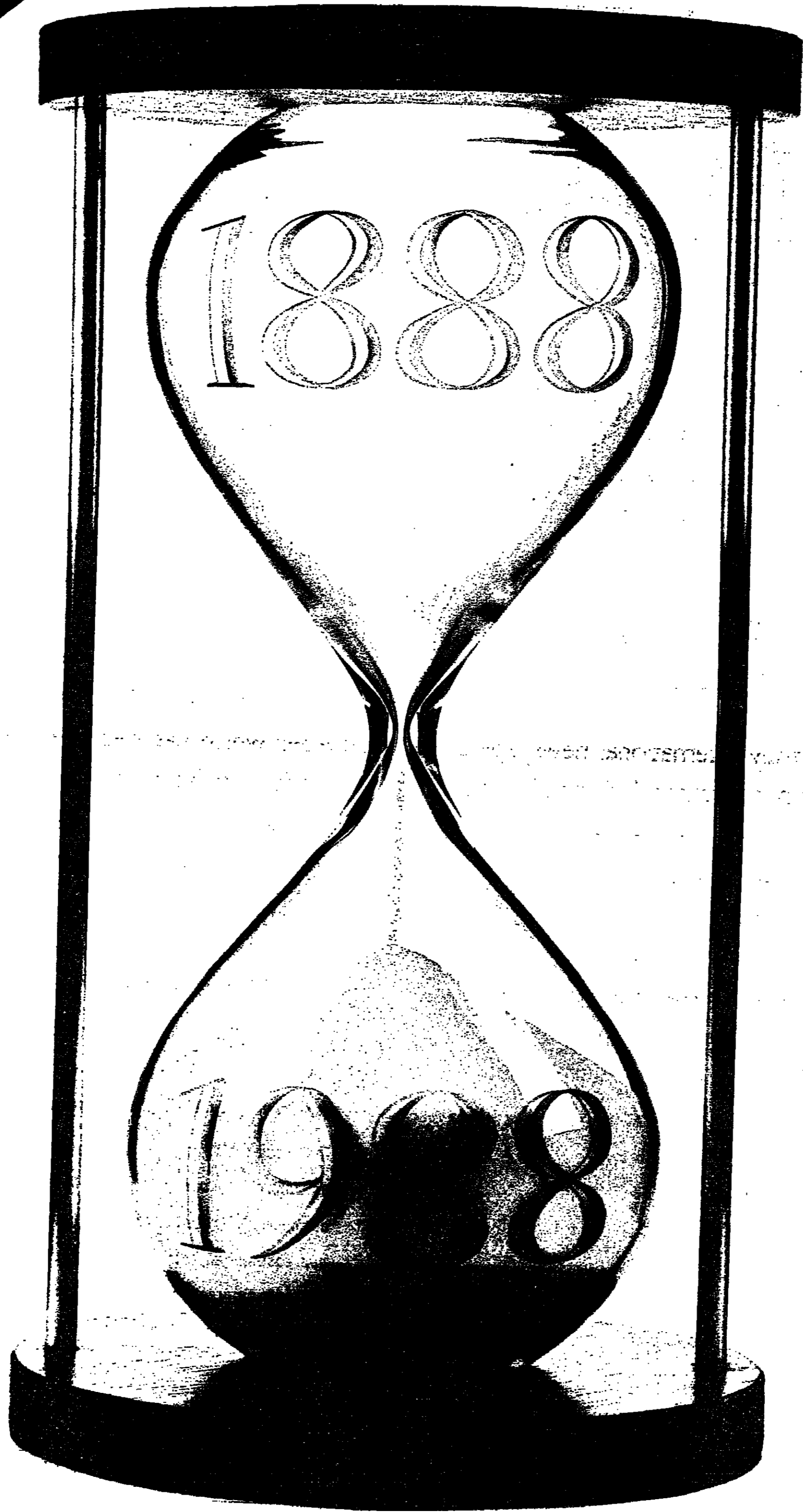
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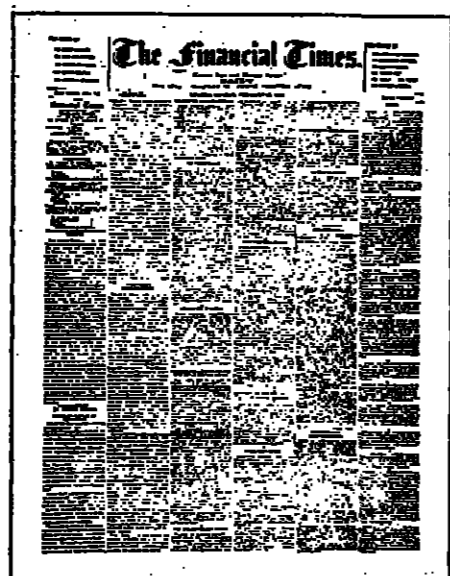
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Don't miss "The Financial Times  
— the first 100 years," a survey in Monday's FT.



# 100 years after its black and white beginning the FT's future looks rosy.



On February the 13th 1888 a 4-page black and white broadsheet called the Financial Times came off the presses for the first time.

'Without fear and without favour' shouted its masthead. 'Friend of the honest financier and respectable broker, enemy of the unprincipled promoter and gambling operator' claimed its black and white editorial policy.

Four years earlier a rival paper called the Financial News had set out on much the same route, and in those early days the two competed side by side for the rôle of the City's parish magazine.

Into the pink. In 1893 the F.T. turned pink. Today this is seen as either a flash of marketing genius or, since pink newsprint was cheaper than white, a piece of prudent economy.

Those were the days of pre-history when the F.T. became known as 'the stock broker's Bible.' Modern times began on October 1st 1945 when the Financial Times and Financial News merged. The new paper was called the Financial Times and its colour was pink.

From stocks and shares to arts and crafts. Pausing only for an end to newsprint rationing, the new F.T. set out on its remarkable journey from small City journal to one of the few truly international newspapers - a newspaper which has become the 'morning brief' for businessmen, industrialists, politicians and trade unionists all over the world.

From its base of financial expertise (since 1987 the F.T. has published the first daily world share index) the modern F.T. has become required reading for its managerial, technological and industrial coverage. And its daily arts page is the best in Fleet Street.

From Times Square to Red Square. Since 1979 the international edition of the F.T. has been printed in and distributed from Frankfurt. Since 1985 the international edition has also been printed near New York.

In the days ahead a further edition will come from Northern France, and the U.K. paper will move to the Docklands.

Happy 2088. Today the F.T. has more full-time correspondents around the world than any other European daily. Its circulation is at an all-time high. The future looks rosy. But not being given to prophesy, the F.T. will only say that if there's a business world (or worlds) in 2088, the F.T.'s comment will still be an essential part of it. No FT...no comment.



# FINANCIAL TIMES

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## A century for the FT

WHEN THE Financial Times and the Financial News were launched a century ago, their purpose was to supply reliable information about stocks and shares. In 1945, when the two papers were merged, the editor, Hargreaves Parkinson, saw his role rather differently. "The readership of the daily financial newspaper," he wrote, "is not confined to investors and the City. The growing class of business managers and professional advisers, whose function is destined to be decisive in every branch of industry and trade, calls for increasingly specialised service on matters bearing directly on the daily conduct of its affairs. Above all, a great body of readers, men and women in every walk of life, find that questions which used to be the exclusive concern of the economist and the businessman exert a profound influence on their daily life and happiness."

### Broader view

It was this broader view of what readers wanted which guided the subsequent expansion of the Financial Times. The widening of coverage did not imply any lessening of interest in the City. Like Harry Marks, creator of the Financial News, the paper aimed to give investors the most complete and surest information on all matters of public interest, even "premature" information when its prematurity would enhance its value to our readers.

Although the paper has changed greatly over the last forty years, its aim has always been to provide practical information which would help readers make better decisions and to shed light on the events and issues which are shaping the modern world.

We have had two great advantages: a stable and sympathetic ownership and a consistency of style and objectives stemming in large measure from the long editorship of Hargreaves Parkinson's successor, Sir Gordon Newton. Our editorial "line" is not based on an ideological preconception of how the world works; it reflects a strong belief in personal freedom, a preference for allowing markets to function and a recognition that markets are not the solution for every problem.

The expansion of international coverage, which has been the most important development of the last two decades, was as much a

response to the needs of our British readers as an attempt to find new markets overseas. The UK's entry into the European Community, the expansion of world trade, the rise of the newly industrialising countries - all this had to be explained in a way which would be relevant to the day-to-day concerns of our readers.

At the same time the thirst for information about international business, economics and politics on the other side of the Channel was creating a demand which the FT seemed well equipped to serve. The decision to print the paper in Frankfurt in 1979 and in the US in 1985 gave a boost to the internationalisation of the FT, affecting the attitudes of its staff as well as making the paper more available to non-British readers.

Thus at the end of its first century the FT is trying to expand its sales among two overlapping groups of readers, based in the UK and based overseas. Do the requirements of the two groups conflict? As a UK-based newspaper we will tend to cover British affairs in greater detail than those of any other country. We will seek to participate fully in the debate about British policy issues. But few issues are so parochial that they have no parallels in other countries, or that they are not better understood when put in an international context. Aided by modern technology, we will try to tailor the newspaper to the needs of different regions, but the core of the paper will be unchanged, because we think that is what our readers want.

### ASTOUNDING

Whether we serve our readers well or badly - as past leader-writers might have put it - time will tell. But the market is certainly there, and growing.

As the Financial Times wrote in its first issue, on February 13 1888, "the good wishes we have received: the astounding revelations which are being daily confided to us; the angry threats; the cautious overtures - these and numerous other evidences have satisfied us that a financial paper for the City of London carrying the banner of WITHOUT FEAR AND WITHOUT FAVOUR will not fall for lack of a mission d'être." We hope our readers will tell us when they are dissatisfied. Angry threats we will cope with as best we can; astounding revelations will always be gratefully received.

## Alexander Nicoll and Clive Wolman examine the pressures on the securities industry after Black Monday and the slump in trading in equities and Eurodollar bonds

LONDON'S securities industry, bloated by the side-effects of Big Bang, has spent the past six months reeling. After two years of hectic mergers and expansion, 1987 brought two shocks: falling new issue volume and huge over-capacity in the Eurobond market; and a dramatic reversal, after the October crash, of what had seemed an inexorable rise in trading volume of equities.

As a result, the profit outlook for many of the expanded securities houses is now bleak. In markets which were grossly overcrowded before the recent troubles, smaller volumes mean that houses are now scrambling for a share of a much smaller pie. Only with a respectable market share is there a chance of significant profit.

UK stockbrokers' costs were drastically increased by Big Bang - the moment in 1986 when real competition came to the UK securities markets. New buildings, computer systems, settlement facilities and dealing rooms, not to mention high-priced dealing talent, had to be paid for in order to compete in the new, riskier world. A further effect of Big Bang was to make the securities house's income much more dependent on the vagaries of the markets.

Thus, one of the safest ways of making money - a sleepy cartel of partnerships earning fixed commissions which could be raised in hard times - has been transformed into a cyclical boom-bust industry with revenues more volatile than those of the most narrowly based capital goods manufacturers.

In the equity market, brokers earn their commissions - slashed since Big Bang - from their dealings with investors. By January this year, the volume of customer trades was down by more than 40 per cent from peaks reached in mid-1987, as the figures in the chart show.

In bond markets, commissions are not charged and the dealer must attempt to make a turn from the spread between the bid and offered quotation. This has halved to less than 1/4 point in the UK government bond market since Big Bang, with the effect being offset by a big increase in volume.

Eurobond spreads have held at 1/4 point. But volume in the largest sector of the market - dollar bonds - has dropped. Here, secondary market trading volume reached a peak of \$729bn during the fourth quarter of 1986, but dropped as low as \$698bn during the third quarter of 1987. The decline will have been even more marked in sectors such as floating rate notes, in which liquidity all but evaporated at times. These falls have been offset, however, by increased dealing in bonds denominated in stronger currencies such as yen, D-Marks and sterling. Non-dollar bond volume reached a record \$635bn in the fourth quarter of 1987, double the level a year ago, and for the first time matching volume in dollar bonds.

What hurts Eurobond houses more than contracting volume is the shrinking of new issue volume. This dropped from \$153bn in 1986 to \$143bn last year even as more new entrants scrambled to get in. Not only do new issues bring in fees, they also trigger most trading of Eurobonds, which usually end up being held as long-term investments after the first few months. Surprisingly, January did produce a surge of profitable new issues but, according to the head of one prominent house, "the market is still nowhere near the volume and profitability to justify the overheads that we've built in for ourselves."

The attempt to reduce those overheads is behind the redundancies so far seen in the City - which, many people believe, only chip away at the problem without attacking the basic strategies which are simply over-ambitious. "Just to cut capacity doesn't make you profitable," says one executive who draws parallels with troubled manufacturing industries.

Some firms, such as Salomon Brothers, Midland Montagu, Orion Royal Bank and Lloyds Merchant Bank, have publicly subjected themselves to wrenching policy changes which have forced large cuts in jobs. But most have pared departments and tried to remain in every part of the markets. Their basic strategies of trying to be global securities houses remain - at least publicly - unaltered, although it is clear to all of them that only a handful can succeed.

How, then, the securities market shake-out should be seen in perspective. Despite the ubiquitous Yuppie image of its traders, it is hardly the City's core activity, nor is it really a very large industry. Estimates of people employed in Stock Exchange-related activities in London range between 20,000 and 25,000, of whom about 30 per cent are involved in the settlement of trades and 25 per cent are support staff - ranging from data processing managers to cleaners. The Euro-markets employ about another 8,000 in trading, salesmen and support staff, and fund management employs several thousand more.

Though the recent wave of redundancies has lopped off about 2,500 from this total, the numbers have approximately doubled since



## Picking up the pieces of financial freedom

1988 began without real buying or selling pressure in the UK stock market, with turnover consistently remaining depressed. "The truth is that 1987 was something of a freak year in terms of turnover and price performance and we are now seeing a return to more normal trading patterns." Total commission income so far in 1988, they estimate, is slightly up on 1988 though well below last year.

In the Euromarkets, analysis of the industry's potential profitability is far more difficult to apply. Eurobond operations are more international and the profits or losses harder to pin down to one particular centre. The mandate to issue a bond issue may be won by a firm's French operation. It would be launched in London, but might be sold mainly to Continental investors by a sales force outside London. More telling, the swap transaction which actually makes the deal profitable for the issuing house might be arranged in Japan.

The internal jealousies which divide Eurobond firms complicate this problem. Each unit wants to be seen as profitable. And most of the leading houses are able to disguise the results of their Euromarket activities within larger group results.

Despite the secrecy, however, the basic dynamics are not that hard to fathom. The tougher the competition, the more issuing houses tend to launch bond issues on terms which are unprofitable to them. The upshot is that they get stuck with too many bonds left on their own books.

If interest rates go up as they did in the dollar market last year, the houses tend to make losses on such holdings and on their trading activ-

ity. Only those with the most solid bases of investor clients to whom they can distribute bonds are likely to remain healthy for long.

Since such difficult conditions seem likely to persist in both the domestic and international markets what should securities houses do - short of pulling out of whole sectors of the market - as they battle for market share?

One approach would be to attempt to reintroduce lost flexibility in costs. Many firms converted flexible into fixed costs by paying analysts, salesmen and traders not only much higher salaries but guaranteed ones. According to Mr David Clementi, managing director of Kleinwort Grieseson Securities: "We transferred the pay structures of our banking arm to the securities side. Now we have to try and do the opposite and rely more on bonuses."

Houses could also stop attempting to have a foothold in every activity. They could follow the US model by subcontracting settlement of bargains to a specialist firm, thereby converting an overhead into a variable cost. They could also buy in research.

More firms could follow the example of Lazard Brothers, which concentrated on the traditional corporate finance function of issuing new securities and gave responsibility for their distribution to another house. This is a policy which other merchant banks, such as Hill Samuel, have now been forced to adopt.

Another strategy would be to focus on the growing small investor market. By offering wider investment advice, such firms could secure a more stable source of revenue.

Many Euromarkets houses argue that even if individual sectors are unprofitable, they must still retain a presence in them. This is partly so that they remain in the middle of the huge daily international capital flows and are thus able to take advantages of trading or issuing opportunities as they see them. For some there are also broader strategic reasons: commercial banks, for example, have felt that they needed to maintain loss-making securities markets operations in order not to lose long-standing corporate clients to investment banks.

Flexibility is of vital importance even for the largest firms. "If we hadn't switched our Eurobond distribution system to equities, we would have had to close down our Eurobond operation last year," says Mr Jack Hennessy, chief executive of Credit Suisse First Boston. What is needed, he says, is a blend of specialist staff and generalists who can switch from one market to another depending on levels of activity.

"You've got to have enough pistons to keep going," says Mr Hennessy. "But not so many pistons that the cost of gasoline puts you out of business."

With Eurobond business still intensely competitive and the international equity market - into which many Euromarkets houses had switched resources - lifeless since the Crash, many are concentrating on winning much more lucrative corporate finance work, and in particular cross-border mergers and acquisitions.

This will be fine for the players with the clout and the expertise to win work. For the houses at the fringes, who are attempting to be global securities firms but failing to win adequate market share, there will be painful decisions to come.

## Man in the News

### Jack Smith of GM Slimmer who hopes the fat years will go on

By Kevin Done



THE END OF seven lean years in Europe could hardly have come at a more opportune moment for General Motors, the stumbling colossus of the world motor industry.

Jack Smith, who became executive vice president of General Motors Europe in February 1986 and president last April, is hoping the fat years go on as long as the lean ones. "We need it," he says.

GM is still on the rack in the US as it seeks to stem falling market share and tumbling profits. But in Europe it is seeing light at the end of the tunnel after seven years in which it ran up total net losses of \$2.22bn and made a tiny net profit in only one year, 1982. In 1987 GM Europe bounced back, reporting this week net profits of \$1.25bn (£71m) after a loss of \$345m in 1986.

During the 1980s GM has completed one of the most ambitious investment programmes ever mounted in the European motor industry. It was aimed at taking the group into the small car market for the first time, as well as revamping its production facilities across Europe and modernising its product range. "We have spent a \$1bn a year in the 1980s," says Smith, "and we have almost all new facilities." The boldest move was to spend around \$2.5bn as the entry ticket to the small car market in Europe with the development of the Opel Corsa/Vauxhall Nova. The Corsa helped bounce GM's market share in Europe to a peak of 11.4 per cent in 1985 from only 8.3 per cent in 1981. It declined to 10.7 per cent last year, but the group is still way ahead of where it stood in the 1970s.

Smith says that share slipped back last year primarily because of lack of capacity for the group's Corsa/Nova, Kadett/Astra and Omega/Carlton lines. GM is introducing a third shift for round-the-clock working at its

Corsa/Nova plant in Zaragoza, Spain, in late March and is also working to remove bottlenecks in the production of components for the Kadett/Astra. It now has shares of more than 10 per cent in 12 different European markets.

Smith is confident that progress made last year will continue in 1988. "It looks good, surprisingly strong." According to GM, European new car sales in January set a record at 1,036m, a 12.6 per cent increase from January last year and GM increased the volume of its sales by more than 10 per cent, despite the fact that its ageing Opel Ascona/Vauxhall Cavalier model - its competi-

tor in the crucial mid-range - is to be replaced before the end of the year. A better product mix helped profits blossom last year following the successful launch of the Omega/Carlton executive saloon, which had its first full year of sales in 1987.

Smith was still in North America when most of the big decisions were made that helped transform GM's fortunes in Europe. After a series of finance posts, he was appointed director of worldwide product planning for GM in 1982. "A job in which he led the US group's negotiations with Japan's Toyota for joint-venture production of a Toyota-designed

car at GM's Fremont plant, California - before becoming president of General Motors of Canada in 1984.

In Europe the man shaping GM's future included Mr Robert Stempel and Mr Ferdinand Beickler. Mr Stempel, managing director of Adam Opel, GM's West German subsidiary and responsible for European car operations from 1980 to 1982, is now GM president and chief operating officer and a front-runner to succeed Mr Roger Smith as chairman.

Mr Ferdinand Beickler, who began as an apprentice with Opel, was successively chairman of Vauxhall, chairman of Opel and then the first president of GM Europe in 1986,

when the whole upper echelon of GM's European management was reorganised. A pan-European headquarters was set up belatedly in Zurich, reflecting the spread of the group's manufacturing during the 1980s with major plants in West Germany, the UK, Belgium, Spain and Austria.

Smith is rapidly leaving his own mark, however, as he seeks to cut costs further in the search for added productivity and efficiency. "Last year we were running as lean as we could run," says Smith, who himself has shed a couple of stone to match GM's more streamlined image. "We put a lot of work and effort into controlling our costs, but we must continue to lower costs to be able to compete with the Japanese and the Koreans when they come."

He has instigated programmes to change GM's sourcing of components to get a better balance with the markets where its cars are sold. One result is that the sourcing of components from the UK is increasing. "In the sourcing programme our target was to cut costs by \$100 a car and we have achieved that." The full impact will be felt in 1989. Other programmes are aimed at cutting production costs of engines and other major components.

In Antwerp, production at two plants is to be consolidated into one through the operation of two 10-hour shifts five days a week and one shift on Saturdays. Plants will be better utilised with longer but fewer shifts and three crews working four days a week.

Last year GM Europe accounted for 35 per cent of GM's group profits on only 14.5 per cent of group turnover. With such a shift of earnings power after the long years of losses Smith comments: "We get a few less phone calls from Detroit." It should leave more time for his new-found passion for collecting pre-Victorian furniture.

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FT 122

مركز من الأصل



GOD was maintaining a surprising anonymity at the General Synod of the Church of England in Church House, Westminster, this week. So rarely was His name uttered after the ritual of morning prayer that it was enough to bring the watching gallery to attention whenever He received a mention.

His name was invoked, however, by two members of the Conservative Government whose intervention provoked indignation at a synod wary of state-sponsored clergy-bashing. Paradoxically, their speeches proved a unifying force in a divided Church.

The increasingly heated issue between Church and State in Britain had been brought sharply into focus on the first day of synod when the liberal tendency which dominates the Church had found itself the brunt of a full-blooded Gummerin.

John Selwyn Gummer, Minister of State for Agriculture, won few friends in the synod of which he is a member by launching a strong attack on the liberal bishops. There are even those in the Conservative Party who believe he went too far. Mr Peter Bottomley, Junior Transport Minister, said he was "not terribly impressed" by Mr Gummer's attack on the prelates.

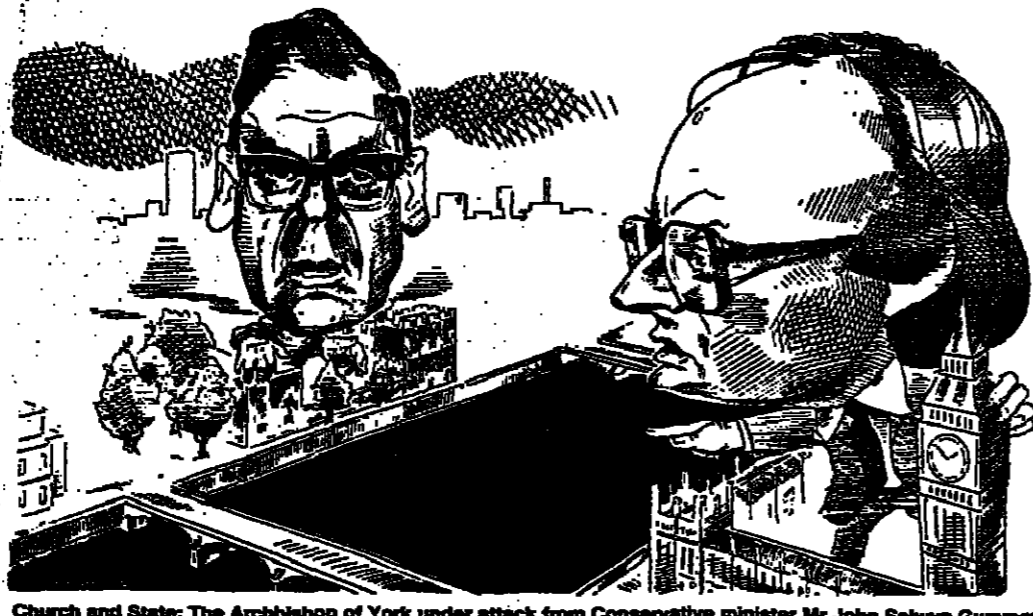
Taking his personal crusade to the House of Lords, Mr Gummer closed to the Archbishop of York, Dr John Habgood, the second most senior person in the Church after the Archbishop of Canterbury, Dr Robert Runcie. Dr Habgood recently spoke in the House of Lords against clause 28 of the Local Government Bill, which would allow local authorities to prohibit homosexual practices. He more than any other churchman at present, is being singled out as a thorn in the side of the Government.

The Bishop's speech, said Mr Gummer, contained no reference either to the Bible or the Church's teaching. "How can a Bishop speak on morality without reference to the Gospels? It is this which is distressing the laity of the Church of England," he said before declaring that Britain's "indomitable" needed the Church to call for chastity and fidelity.

Because of the synod's tolerant position on homosexual priests last November, Mr Gummer said, the Church was "committed to the proposition that it is sinful for a man to sleep with his neighbour with whom his neighbour's wife."

Degree of sinfulness were not on the synod agenda, which has been drawn-up like

THE CHURCH OF ENGLAND SYNOD



Church and State: The Archbishop of York under attack from Conservative minister Mr John Selwyn Gummer

Seeking the moral high ground

By Richard Donkin

A battle plan to secure the moral high ground. This is the prize for which the Church and State are fighting. The synod agenda was largely political, with debates on Sunday trading, the poll tax, the Education Reform Bill and embryo research, all expected to be subject to legislation in the lifetime of this Government.

Still reeling from Mr Gummer's blot, synod was next to the gentle persuasion of a genial Mr Douglas Hurd, the Home Secretary, making an unprecedented appearance at a synod fringe meeting. He suggested politely that the Church should not poke its nose too deeply into matters of State.

While promoting a partnership between Church and State, Mr Hurd was also drawing demarcation lines between the two. In declaring that "there are limits to the extent to which the Church should become immersed in a political agenda" he was laying the message on the line.

The Church's message was timeless and should have a stronger foundation, argued Mr Hurd, which "was why our Lord, when offered a political role by those who wanted a political Messiah, so clearly refused it."

A politician preaching could not expect to be warmly received and the atmosphere cooled perceptibly. In declaring that what society most desperately needed from churches today was a clear, definite and repeated statement of morality, the Home Secretary had, by implication, seized the moral high ground for the Government.

few unrepresentative extremists, but of thousands of priests and hundreds of thousands of lay folk, Catholics, evangelicals and just ordinary broad Church of England - at what has been done to the Church," Canon Austin declared.

Mr Hurd and Mr Gummer are mistaken, however, if they believe they can turn purple into blue overnight, even if they see red whenever they set eyes on a liberal vestment. The Government may itself be helping to keep the liberals in the ascendancy by introducing legislation which threatens to nibble away at Church influence.

The significance was not lost on synod and should not be lost on Government that the debate on the Education Reform Bill was opened by the Bishop of London, Dr Graham Leonard, by no means a liberal but nevertheless fearful of the implications for the Church in the bill.

So long as the future of religious education and the Church's own trusteeship of many state schools is perceived to be in jeopardy, the Government will have to endure criticism from synod.

The Church is determined to make itself heard in Westminster's other place. Dr Habgood demonstrated why he is not the most popular man at Number 10 Downing Street when he spoke on the poll tax. The legislation, he said, was putting another nail in the coffin of structured relationships. "If we constantly fail to give adequate financial recognition to the family as a unit, then it is hypocritical to talk about supporting family life," he said.

If Mrs Thatcher wants to be rid of this particular turbulent priest it may take more than Mr Gummer to do the job. Dr Habgood's scornful treatment of Mr Gummer in a letter to The Times is evidence of that.

Dr Runcie has an unenviable task ahead of him. But in declaring positively at synod that practising homosexuals in the clergy could expect to be disciplined, he went some way towards appeasing his critics.

He, more than anyone else, must recognise that if the Church of England wants to remain at the moral head of the nation the liberal establishment must give a firm lead. Moreover, it must begin to take heed of the traditions of the church, and indeed, the man and woman in the pew, many of whom call themselves plain Christians. Without them there is no Church.

Writing the FT's history Telling the story of a century of news

By David Kynaston

WRITING the history of a newspaper is inevitably the history of many different things: of an institution and its personalities; of an organ of record; of an organ of opinion; of a business; of a complex industrial relations tangle; and, in the case of the FT, the crucial financial and economic context in which it has operated. Moreover, not only does such a history have 100 years and 30,000 issues of the FT to take into account, but also 60 years and 15,000 issues of the Financial News, the paper that in 1945 took over the FT and in many ways moulded the "new" FT's character.

It was therefore in a mood of cheerful pessimism that I began the task of writing the FT's history in 1985, meeting with much help and kindness on the way. Throughout I was given complete editorial freedom by both paper and publisher, and knew that if I failed to deliver the goods it would be wholly my fault.

The core of my research was obviously the back copies of the FT and FN, I could not read all the issues, but I have kept my sanity if I had, but I made it a rule to sample both papers in each year, sometimes at length, sometimes more cursorily.

There was also the question of company records. Unfortunately, the paper had never developed an internal archive, so it was a case of scrounging round in obscure basement vaults, usually emerging incredibly filthy. The upshot of these searches was mixed: enormous frustrating gaps prior to about 1970, a super-abundance of material thereafter (especially in relation to production matters), and the occasional exciting or curious find, such as a long and trenchant letter sent to the FN editor by one of his journalists, a certain Hammond Lane.

It was the third type of source that was in a sense the most fruitful, and from my point of view certainly the most enjoyable. These were the many interviews that I conducted, mostly with pres-

ent and former members of staff. I was especially keen to interview those who had been on the paper in the 1950s, when, under the editorship of Gordon Newton, the FT was transformed from a "City" paper into a respected national daily. During those years Newton himself contributed virtually nothing to paper, and it was a case of seeing as many people as possible, so as to be able to build up a composite picture of that central achievement in the FT's history.

A high proportion of interviews seemed to take place in the dining room of the Reform Club - involving simultaneous eating, note-taking and questioning - while I had a pleasant hour and a half at 11 Downing Street discussing the late 1950s with the Chairman, Mr My favourite interview? I think it was with a little old lady called Gertrude Bannister, who had been editor's secretary on the FN from the early 1920s until about 1940 when she left to enter a religious house. I managed to track her down to a block of council flats in Tulse Hill, where, surrounded by piles of the Tablet, she told me something of those far-off days in financial journalism.

Then came the job of pulling it all together. It required stamina as much as anything, repeating to myself each morning those magic words, "Centenaries don't wait". The eventual result I leave to the critics to evaluate, but there do seem to be a number of problems inherent in the writing of such a history.

● Randomness. Until a few years ago the FT was not indexed, and it was often hit-and-miss what I came across in the paper and what I did not. Obviously there would be certain events to look up (for example in 1963, the Profumo crisis and the assassination of Kennedy), but often it was a case of browsing over a few months and hoping to find something striking, funny or peculiarly representative. Someone else could have read different months (or even perhaps the same months) and written a quite different history.

● Whiggishness, or "it is getting better all the time". This is another in-built problem of institutional histories in general, and in my case peculiarly compounded by the undeniable truth that by the mid-1980s the FT was not only more highly regarded than ever before, but as a business was also making record profits. I tried to keep a critical edge all the way through, speaking out against the blandness that often besets the closing chapters of corporate histories, but it was not altogether easy.

My feeling at the end of writing the book was one of profound relief, together with a curious, almost physical, reaction. After two years of living, breathing and even dreaming the FT, I found myself for a time almost unable to look at the paper, let alone peruse it. Normal service, however, fortunately resumed, and it soon became fun reading it each day in the light of my extensive (if necessarily incomplete) knowledge of its history. I hope you will enjoy sharing that knowledge.

David Kynaston is the author of The Financial Times, A Century History, published by Viking

The price of pink is still good value

From S. S. Guedenken. Sir, our first issue, dated Feb 13 1988, quoted on its front page a postal subscription rate of nine shillings and ninepence for three months (45 new price) buys one FT. It is good value, just as it must have been one penny, 100 years ago.

If, a century, the cover price was 10s 6d, the FT sold for 48.60 in 1988.

Words kept in their place. From Miss Caroline Clifton-Mow. Sir, I agree with Lucia van der post's semantic quibble about the word "mantlepiece" (Weekend FT, February 6), but I think the "chimney-piece" allude to the entire fire-y structure. Le mot juste (as we like to say) for the plateau along which one's current invitation cards are laid is actually the mantel shelf.

One circuit-breaker, however, has never been enough to protect a complex and delicate mechanism. A less delicate circuit-breaker, a careful balance of circuit-breakers is essential if a computer network is to remain functioning in all electronic climates.

Letters to the Editor

Insurance costs are not merely hidden

From Professor Peter Franklin. Sir, I enjoyed reading Clive Wolman's article on the "hidden costs of life assurance" (February 11). Your readers might like to mull on three other facts.

According to the Association of British Insurers (ABI) recent publication, Insurance Statistics 1982-1986, investment income on the life funds of ABI members in 1986 amounted to £10,018m (£10bn), or about 5.74 per cent of assets held with respect to life business.

On ordinary life business, expenses plus commissions are shown to have amounted to £4,144m (£4.1bn) in 1986, or about 20.49 per cent of ordinary branch premium income. On industrial life business, expenses plus commission remain an even greater proportion of premium, amounting to 40.22 per cent of industrial branch premium income in 1986.

With more than 71 per cent of all households incurring expenditure on life assurance, the costs of St Albans confirmed that Dr Bennett's denunciation of the liberals had not been a voice in the wilderness. The Crookford preface represents the Godly anger, the righteous indignation, the frustration and the despair, not of a

Malapropisms to mark a century

From Mrs Robert Finch. Sir, I read with great pleasure the extract from David Kynaston's History of the Financial Times (Weekend FT, February 6).

But would not Dr Spooner have been surprised at Sir Gordon Newton's "neo-Spallorapisms"? Certainly Mr Malaprop might have been "nonpulsed".

From Mr James Sandilands. Sir, according to David Kynaston ("The Triviumvirate", Weekend FT, February 6), the History of the Financial Times is a powerful tribute given to a journalist by Sir Gordon Newton, the FT's former Editor.

Mr Kynaston has himself created an equally expressive phrase. Sir Gordon's "dismarming grin" is a powerful tribute to his enduring influence on the Financial Times.

Building societies are not banks

From G.S. Hamrods. Sir, I was astonished to read (February 3) that the building societies are still expressing disappointment at what they regard as the modest extension allude to the entire fire-y structure.

The comment made, by John Bayless of Abbey National, that building societies had not been given a "level playing field" to compete with the banks, is ridiculous. It is high time that the building societies were reminded they are not banks and should not aspire to be.

One circuit-breaker has never been enough to protect a delicate mechanism

From Mr Claude A. Thomas. Sir, the computer industry had long experience with a device called the circuit-breaker. This 60-cent piece can make the difference between life and death for a million-dollar piece of electronic hardware.

The same holds true for the financial marketplace, in its broadest sense a mechanism certainly as complex and undoubtedly more delicate than any computer. A break in the circuit of the Dow Jones Industrial Average could trigger a sharp fluctuation in the Treasury-bill market. On a world-wide scale, it is likely to trigger

Only Ukraine can celebrate the Christian millennium this year

are today an integral part of Ukraine, says Russia. Kyiv, which is today more generally referred to in its Russian form Kiev, still remains the capital city of Ukraine.

Churches were effectively liquidated; the former by forcible incorporation in the Russian Orthodox church, the latter by eradication.

These churches should today be the celebrants of the millennium, but since Russia has managed to dispose of them, it obviously feels entitled to claim their 1000 year old Christian legacy for its own purposes. Let us not lose sight of the facts, thereby writing off

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Table with columns: Product, Applied rate, Net CAR, Interest paid, Minimum balance, Access and other details. Lists various investment products from Abbey National, Aldi Thrift, etc.

\*For telephone see local directory. CAR = Annual yield after interest commission

UK COMPANY NEWS

Blue Circle has up to 48% of Birmid Qualcast

BY PHILIP COGGAN

THE FUTURE OF Birmid Qualcast, home products group, was balanced on a knife edge last night as the £275m bid from Blue Circle drew to a close with the cement group tantalisingly close to victory.

share price falls towards the end of the bid, that is usually taken as a sign that the bid is set to fail.

And Warburg and Cazenove, Birmid's banking and broking advisers, revealed that, on Thursday, they had together bought a 1 per cent stake from Save & Prosper, the fund management group, at 380.5p, just above the offer price.

B&D outlines 'plans' for Dee

BY NIKKI TAIT

Barker & Dobson, sweets and supermarkets group, yesterday reiterated claims that its strategy for Dee's Gateway supermarkets business "will achieve far higher returns than it is ever likely to do under Dee"

ital gains tax liability - for the superstores. Yesterday it put on public display briefing documents already circulating among some City analysts.

Dee says the analysis is based on estimated trading profits for each individual store derived from its own internal expertise, plus factors like competition, tenure, site availability and so on.

BP claims to control 70.2% of Britoil

By Steven Butler

British Petroleum has tightened its grip on Britoil, Britain's largest independent oil company, with the announcement that it controlled 70.2 per cent of Britoil's share capital.

Fairfax turns down Maxwell offer for publications

BY RAYMOND SNOODY

THE JOHN FAIRFAX publishing group of Australia has turned down an offer of more than A\$1bn (\$400m) made by Mr Robert Maxwell, publisher of Mirror Group Newspapers for a group of newspapers and magazines, including the Melbourne Age.

Bowring UK board posts

The following have been appointed directors of BOWRING U.K., direct insurance broking division of the Bowring Group: Mr J. Butler, head of management systems; Mr A. Ferguson, chief executive; Mr D.D. Fitzgerald, chief executive; Mr A.J. Hicks, director; Mr J.W.F. Kemp, chief executive; Mr B.D. Murray, UK marketing executive; Mr C.L.O. Silley, company secretary; Mr A.P. Sparks, managing director; R.I.C. Insurance Services; Mr M.J. Thornton, financial controller; Mr E.J. Treherne, chief executive; Mr R. Rose, chairman; Mr J.A. Jago and Mr R.J. James, directors.

Drayton Japan changes upset major holder

By Nikki Tait

Drayton Japan, the \$250m MIM-managed investment trust, is planning to change its "split level trust" structure scheme early next week, despite complaints from 27 per cent shareholder, AJS Partners, about the group's proposed cash exit route in the proposed scheme.

Call option on near 20% stake in Lynton Prop

BY DOMINIQUE JACKSON

SHARES in Lynton Property and Reversionary rose 26p to close at 360p yesterday on the news that Banque Paribas Capital Markets had acquired a call option on 9.6m ordinary shares (19.82 per cent) of the company.

Midsummer acquisitions

By Andrew Hill

Midsummer Leisure, discotheque, pub and snooker club operator, has paid Snooker Sports, a private company, £2.4m in cash for six licensed snooker clubs in the south east.

Dudley's stake in Dominion

By Andrew Hill

THE Richardson twins, West Midlands property developers and investors, now hold 8.08 per cent of the enlarged capital of Dominion International, property development, natural resources and financial services company.

Vosper calls EGM to propose float

By Lynton McLain

Vosper Thornycroft Holdings, the south coast warship-builder, has called an extraordinary general meeting for March 4 to approve the company's plans for a flotation of its shares on the London stock exchange.

Wyndham takes control at John Williams

BY NIKKI TAIT

MR BRIAN BROWNHILL, chairman of Cardiff-based Wyndham Group, yesterday moved closer to realising his long-standing ambition at neighbouring foundry and steel stockholder John Williams, after the latter agreed to board takeover and a proposed capital injection.

Stake in RHM not to be referred

BY FIONA THOMPSON

THE 29.9 per cent stake in Banks Hovis McDougall held by Goodman Fielder Wattie, the Australasian foods company, will not be referred to the Monopolies and Mergers Commission, the Department of Trade and Industry said yesterday.

Dixons declares bid unconditional

Dixons, the electrical goods retailer, yesterday declared its £16m cash bid for Sheffield-based Wigfals unconditional.

Second Alliance drops 22% halfway

Net asset value at Second Alliance dropped 22 per cent for the half to January 31 1988 to 903.4p compared with 1162.3p to July 31. The interim dividend is being maintained at 7p per 25p share.

Consortium launches £4.5m bid for OIS

BY STEVEN BUTLER

MR PAUL BRISTOL is leading a consortium that yesterday launched a cash bid for Oilfield Inspection Services, the non-destructive testing and inspection company, valuing the company at £4.5m.

Lanc & London nav slight fall

At the end of 1987 Lancashire & London Investment Trust had a net asset value of 102.8p per share compared with 103.3p a year earlier.

Table with 5 columns: Current payment, Date, Corres. payment, Total, Total for last year. Rows include Anglo Overseas Trst, Thomas French, Lanc & London, Second All Tr.

Table with 5 columns: Dividend, Date, Corres. payment, Total, Total for last year. Rows include I.G. INDEX LTD, GROSVENOR GARDENS, WALL STREET.

Table with 5 columns: Dividend, Date, Corres. payment, Total, Total for last year. Rows include I.G. INDEX LTD, GROSVENOR GARDENS, WALL STREET.

of their shareholdings amounting to 17.7 per cent of the company. This would be in addition to the 23.3 per cent stake in OIS that Mr Bristol has already acquired.

both because of the revival of offshore activity in the UK and because of the company's recent efforts to diversify into testing in the nuclear field.

After a six-month illness, Mr Bristol has concentrated his energies on Bengal Oil and Gas, the Denver-based production company.

Mr Dick Steele, Midsummer's finance director, said yesterday: "We are always looking at snooker clubs for acquisitions. We feel we are the major players in the game and we know how to operate the clubs."

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Table with 10 columns: Issue Price, Annual Dividend, Latest Market Price, High, Low, Stock, Dividend Yield, % p. Rows include various equity and fixed interest stocks.

GRANVILLE SPONSORED SECURITIES. Table with 10 columns: High Low, Company, Price, Change, Div (p), Yield, % p. Rows include various equity and fixed interest stocks.

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns: NATIONAL AND REGIONAL MARKETS, THURSDAY FEBRUARY 11 1988, WEDNESDAY FEBRUARY 10 1988, DOLLAR INDEX. Lists various countries and indices with their respective values and changes.

Base index Dec 31, 1986 = 100; Finland Dec 31, 1987 = 115.077 (US \$ Index), 90.792 (Finnish Markka Index) and 94.94 (Danish Kroner Index). Copyright, The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd. 1987

ECONOMIC DIARY

TOMORROW: Department for National Savings publishes its monthly progress report for January. Cruise's champion of champagne, Earle Court, Sir Geoffrey Howe, Foreign Secretary, on visit to Moscow, (until February 17). Presidential elections in Greek part of Cyprus.

MONDAY: DTI publishes January provisional figures for retail sales. CBI/FT Survey of distributive trades for January. Mr Norman Fowler and Mr Rodney Bickerstaffe among speakers at Campaign for Work conference.

THURSDAY: Fourth quarter provisional figures for manufacturing and distributors' stocks; and for capital expenditure by the manufacturing and service industries. London and Scottish banks monthly statement for January. January provisional estimates of monetary aggregates. Labour market statistics from the Department of Employment and the aftermarket.

FRIDAY: Building societies monthly figures for January published. US economic report.

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Friday February 12 1988, and Highs and Lows Index. Lists various equity groups and their performance metrics.

FT-SE 100 SHARE INDEX 6 1794.0 +4.2 1774.9 1777.5 1792.1 1791.2 1694.5 1737.8 1096.1 2493.4 1677 871 1565.2 9 11/87 2493.4 1677 871 986.9 237 874

Table with columns: FIXED INTEREST, AVERAGE GROSS REDEMPTION YIELDS, and various interest rate categories.

Table with columns: CONSTITUENT CHANGES, Chase Property (67) has been deleted, and lists of constituent changes.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Table with columns: Bank, Volume, and various stock categories like ASBA, Allied, Ample, etc.

Large advertisement for 'International' magazine. Headline: 'FREE - News on money if you're living abroad.' Includes text about the magazine's content and a 'PRIORITY COUPON' form.

Large advertisement for 'Birmid Qualcast PLC Shareholders'. Headline: 'Birmid Qualcast PLC Shareholders'. Includes 'BLUE CIRCLE'S FINAL OFFER' with '380p IN CASH' and 'BIRMID QUALCAST SHARE PRICE' with '364p'. Mentions 'FINAL OFFER CLOSURES AT 1.00 pm ON SATURDAY 13th FEBRUARY 1988'.



WORLD STOCK MARKETS

World Markets

NEW YORK (3 pm)

Table of New York stock market activity for February 12, 1988, listing various stocks and their prices.

February 12

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Wall Street Dow's rise trimmed by caution

Stocks trimmed sharp gains in afternoon trading. Some investors acted cautiously before a three-day holiday weekend and took the Dow's approach toward 2,000-level as an opportunity to take profits.

Tokyo

Speculation that yesterday's US December trade figures would show a falling deficit led to higher share prices in modest trade.

Milan

Blue chips Montedison and Olivetti led stocks higher. The MIB share index closed nine points up at 801.

Brussels

Takeover target Societe Generale de Belgique dropped BF700 or 1.4 per cent to close at BF4,150 after a Belgian consortium with a major stake in the company appeared to have fallen into disarray.

Paris

Moderately active trading witnessed a majority of gains, though movements were reduced as operators squared positions ahead of the weekend.

Canada

The release of the December US trade figures, showing a decline in the deficit, moved Toronto stocks higher at midday.

Frankfurt

The bourse was active and share prices closed firmer, but off the best levels of the session.

Hong Kong

Continued bargain-hunting saw prices close higher, but trading remained quiet, with investors cautious in anticipation of the US December trade data.

Amsterdam

The encouraging US trade figures led to a rise in Dutch share prices. Rally was also aided by a firmer dollar.

Singapore

Trading remained quiet, but share prices closed marginally higher on short-covering and bargain hunting.

INDICES

Table of various stock indices including Dow Jones, NYSE Composite, and NASDAQ.

NEW YORK

Table of New York stock market indices and performance.

CANADA

Table of Canadian stock market indices and performance.

NEW YORK ACTIVE STOCKS

Table of active stock trading in New York.

CANADA ACTIVE STOCKS

Table of active stock trading in Canada.

NEW YORK ACTIVE STOCKS

Table of active stock trading in New York.

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Table of active stock trading in New York.

Notes and disclaimers regarding the data and its use.

CURRENCIES AND MONEY

LONDON STOCK EXCHANGE

Muted response to latest economic data

FOREIGN EXCHANGES

Dollar firm but below its best

IN TIME honoured fashion, the release of US trade figures proved to be less exciting than the speculative build up generated in the previous two weeks. The dollar moved sharply firmer initially, on news of a December US trade deficit of \$12.2bn compared with \$13.2bn in November.

The figure itself was encouraging and justified a rise in the dollar. However first round analysis of the figures threw up enough imponderables to leave the market almost as uncertain after the announcement as before.

There was no fall in imports they were the same as in November but exports rose by 4.2 p.c. to a record \$24.5bn. At the same time the trade deficit for the whole year was \$171.2bn up a considerable amount from the shortfall in 1986 of \$156.2bn. In addition the trade deficit with Japan was hardly changed at \$4.79bn compared with \$4.85bn in November.

Despite the build up over the past few weeks, it was difficult for short term investors to maintain the excitement, bearing in mind that US markets are shut on Monday for Washington's birthday.

Elsewhere US business inventories rose 0.8 p.c. in December, which was double the figure expected and compared with a revised 0.9 p.c. increase in November. US producer prices were higher by 0.4 p.c. in January after a 0.2 p.c. fall in December and expectations of a 0.2 p.c. rise.

The dollar rose to a high of DM1.7220 after the announcement but profit taking and a revival of fears about central bank intervention brought it back to a closing level of DM1.7120, still up from DM1.6910 on Thursday. It was also its highest closing level for three and a half months.

Against the yen it rose to ¥131.15 from ¥129.10 and finished elsewhere at SF1.4070 from SF1.3970 and £1.7850 from £1.7715.

On Bank of England figures, the dollar's exchange rate index rose from 94.8 to 96.7. Sterling finished lower on its exchange rate index. The latter slipped to 74.1 from an opening level of 74.4 and Thursday's close of 74.3. Traders showed little concern however because

the fall was principally a reflection of the dollar's improvement, and in fact the pound rose against the DM-Mark to DM2.9775 from DM2.9725 and ¥228.25 compared with ¥227.0. Elsewhere it improved to SF2.4475 from SF2.4400 and £1.710.0650 compared with £1.709.0650.

JAPANESE YEN-Trading range against the dollar in 1987/88 is 159.45 to 121.25. January average 157.77. Exchange rate index 237.0 against 214.5 six months ago.

Late shortcovering pushed the dollar above ¥130.0 in Tokyo although the extent of its improvement was severely rationed by proximity of US trade figures for December. The US unit finished back below ¥130 at ¥129.90 although this was still up from ¥129.35 in New York.

At the close the FT-SE 100 share index was only 4.9 higher at 1734.0 but there was little doubt investors were relieved to see the index extend the recovery for the fourth session running after a two-day slump.

Fears of higher domestic interest rates then pulled down shares, the "Footsie" index dropped over 40 points, and Government bonds also tumbled. The upshot was an extremely uncertain marketplace.

The January improvement in the US trade deficit was the most important of yesterday's news items. The shortfall of \$12.2bn contrasted with one or two ultra bearish estimates of \$14.5bn, and followed more encouraging news on the domestic front.

Amstrad progressed through-out the day in the wake of a good press response to the excellent interim figures which saw pre-tax profits of more than \$90m well in excess of the most optimistic forecasts of around \$85m.

Broking firms were quick to upgrade their forecasts with most analysts now going for between \$155 to \$160m for this year and \$190m for the year to end-June 1989. Kleinwort Greaves were aggressive buyers of the stock after KG analyst Chris Tucker advised clients of his "increasing confidence about Amstrad's long-term growth potential and increasingly diversified product base."

British Gas came under fire in mid-session and ran back to 129 1/2 at one point - major houses said to have been major sellers of the stock - following a reminder that the final 40p call on the shares falls due on April 19.

Enterprise held around 29 1/2 in the afternoon, reflecting rumours that the Grove Charity stake may be up for sale, firmed 4 to 24 1/2, a gain of 8p over the five day period. McCarthy and Stone rose 7 to 45 1/2, a gain of 1 1/2 p.

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FINANCIAL TIMES STOCK INDICES

Table with columns for Date, Index Value, and Change. Includes indices for 1987/88 and Stock Comparison.

Day's High 1386.0, Day's Low 1377.1

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

ACCOUNT DEALING DATA

Table with columns for Dealings, Shares, and Values. Includes data for various stock categories.

THE CITY ended a difficult week on a reasonably encouraging note but was not renewed concern over a continuing lack of genuine investment business.

Optimists and pessimists came out on virtually even terms but it was a close run thing after announcement yesterday of crucial numbers on the US economy, and the latest data on UK inflation.

At the close the FT-SE 100 share index was only 4.9 higher at 1734.0 but there was little doubt investors were relieved to see the index extend the recovery for the fourth session running after a two-day slump.

Fears of higher domestic interest rates then pulled down shares, the "Footsie" index dropped over 40 points, and Government bonds also tumbled. The upshot was an extremely uncertain marketplace.

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EURO CURRENCY INTEREST RATES

Table with columns for Currency, Rate, and Term. Includes rates for various currencies and terms.

Long term Eurobonds two years 9-7/8, five years 9-1/2, ten years 9-3/4.

UK and Ireland are quoted in US dollars. Forward premiums and discounts apply to the individual currency. Belgian rate is for convertible francs.

Financials from 02.40-02.50. Six-month forward dollar 2.33-2.38pm 12 month 4.33-4.25pm

STERLING INDEX

Table with columns for Date, Index Value, and Change. Includes data for various time periods.

CURRENCY RATES

Table with columns for Currency, Rate, and Change. Includes rates for various currencies.

EXCHANGE CROSS RATES

Table with columns for Currency, Rate, and Change. Includes cross rates for various currencies.

MONEY RATES

Table with columns for Rate, Term, and Change. Includes money market rates.

LONDON MONEY RATES

Table with columns for Rate, Term, and Change. Includes London money market rates.

NEW HIGHS AND LOWS FOR 1987/88

Table with columns for Stock, High, Low, and Date. Includes high and low prices for various stocks.

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EU IN NEW YORK

Table with columns for Date, Index Value, and Change. Includes data for various time periods.

STERLING INDEX

Table with columns for Date, Index Value, and Change. Includes data for various time periods.

CURRENCY RATES

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MONEY RATES

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LONDON MONEY RATES

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TRADITIONAL OPTIONS

Table with columns for Option, Price, and Change. Includes data for various options.

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LONDON STOCK EXCHANGE

DEALINGS

Details of indices shown below have been taken with consent from last Thursday's Stock Exchange... Details of indices shown below have been taken with consent from last Thursday's Stock Exchange...

Corporation and County Stocks No. of bargains included 14 London County Council 1980/81... Corporation and County Stocks No. of bargains included 14 London County Council 1980/81...

UK Public Bonds No. of bargains included 4 Agricultural Mortgage Corp PLC 4 1/2% Deb... UK Public Bonds No. of bargains included 4 Agricultural Mortgage Corp PLC 4 1/2% Deb...

Commonwealth Government No. of bargains included 10 South Atlantic Oceanic Cons Ltd 1984/85... Commonwealth Government No. of bargains included 10 South Atlantic Oceanic Cons Ltd 1984/85...

Foreign Stocks, Bonds, etc (coupons payable in London) No. of bargains included 10... Foreign Stocks, Bonds, etc (coupons payable in London) No. of bargains included 10...

Registered Housing Associations No. of bargains included 1... Registered Housing Associations No. of bargains included 1...

Commercial, Industrial, etc No. of bargains included 12178... Commercial, Industrial, etc No. of bargains included 12178...

Plantations No. of bargains included 11... Plantations No. of bargains included 11...

Railways No. of bargains included 175... Railways No. of bargains included 175...

Utilities No. of bargains included 26... Utilities No. of bargains included 26...

Water Works No. of bargains included 7... Water Works No. of bargains included 7...

Mines - Miscellaneous No. of bargains included 57... Mines - Miscellaneous No. of bargains included 57...

Financial Trusts, Land, etc No. of bargains included 468... Financial Trusts, Land, etc No. of bargains included 468...

Unit Trusts No. of bargains included 47... Unit Trusts No. of bargains included 47...

Property No. of bargains included 855... Property No. of bargains included 855...

Bank and Discount Companies No. of bargains included 40... Bank and Discount Companies No. of bargains included 40...

Boyd-Pittman PLC 10% Deb 2000-2005... Boyd-Pittman PLC 10% Deb 2000-2005... Boyd-Pittman PLC 10% Deb 2000-2005...

British Airways PLC 2000-2005... British Airways PLC 2000-2005... British Airways PLC 2000-2005...

British Petroleum PLC 10% Deb 2000-2005... British Petroleum PLC 10% Deb 2000-2005... British Petroleum PLC 10% Deb 2000-2005...

British Telecom PLC 10% Deb 2000-2005... British Telecom PLC 10% Deb 2000-2005... British Telecom PLC 10% Deb 2000-2005...

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British Airways PLC 2000-2005... British Airways PLC 2000-2005... British Airways PLC 2000-2005...

USM Appendix

No. of bargains included 233... No. of bargains included 233... No. of bargains included 233...

The Third Market Appendix

No. of bargains included 87... No. of bargains included 87... No. of bargains included 87...

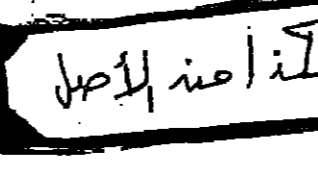
Rule 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland... Bargains marked in securities where principal market is outside the UK and Republic of Ireland...

Rule 535 (2)

Applications granted for specific bargains in securities not listed on any exchange... Applications granted for specific bargains in securities not listed on any exchange...

BIOTECHNOLOGY The Financial Times proposes to publish this survey on: May 27th For a full editorial synopsis and details of available advertisement positions, please contact: Stephen Dunbar-Johnson on 01-248 8000 ext 4148 or write to him at: Bracken House 10 Cannon Street London EC4P 4BY FINANCIAL TIMES EUROPE'S BUSINESS NEWS PAPER



LEADERS AND LAGGARDS

Percentage changes since December 31 1987 based on Thursday February 11 1988

Table with 2 columns: Sector and Change. Includes Telephone Networks, Investment Trusts, Construction, etc.

RISES AND FALLS

Table with 4 columns: Category, Rises, Falls, Same. Includes British Funds, Corporations, etc.

BANK RETURN

Table with 2 columns: Category and Amount. Includes BANKING DEPARTMENT, ASSETS, ISSUE DEPARTMENT, ASSETS.

BASE LENDING RATES

Table with 4 columns: Bank, Rate, Bank, Rate. Lists various banks and their lending rates.

EUROPEAN OPTIONS EXCHANGE

Table with 4 columns: Series, Feb 88, Mar 88, Apr 88. Lists various options series and their prices.

AUTHORISED UNIT TRUSTS

Large table listing various unit trusts, their managers, and performance data. Includes sections like 'Fidelity Investment Services Ltd', 'M & S Group', etc.

THE U.K. TEXTILE INDUSTRY. The Financial Times proposes to publish this survey on: Wednesday 27th April 1988. For a full editorial synopsis and details of available advertisement positions, please contact: BRIAN HERON on 061-834 9381 or write to him at: Alexandra Buildings, Queens Street Manchester M2 5LF. Tel: 666813. FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER



FT UNIT TRUST INFORMATION SERVICE

Handwritten note: 10/11/83

Table listing various unit trusts such as 'Scottish Asset Management Ltd', 'Scottish Equitable Fund Mgrs Ltd', and 'Scottish Mutual Investment Services Ltd'.

Table listing various unit trusts such as 'Trades Union Unit Trust Managers', 'Yorkshire Unit Trust Managers', and 'Yorkshire Mutual Investment Services Ltd'.

Table listing various unit trusts such as 'American Life Insurance Co UK', 'Colonial Mutual Funds Ltd', and 'Colonial Mutual Assurance Ltd'.

Table listing various unit trusts such as 'Colonial Mutual Assurance Ltd', 'Colonial Mutual Assurance Ltd', and 'Colonial Mutual Assurance Ltd'.

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INSURANCES

Table listing insurance companies and their products, including 'Alliance Life Insurance Co Ltd', 'Alliance Life Insurance Co Ltd', and 'Alliance Life Insurance Co Ltd'.

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FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts such as The French Heritage Fund, Frabaker Fund Limited, and others, with columns for name, manager, and other details.

Table of FT Unit Trust Information Service, listing various unit trusts such as Horizon Management SA, Lloyds Int. Money Market Fund Ltd, and others, with columns for name, manager, and other details.

LONDON SHARE SERVICE

Table of London Share Service, listing various British funds and shares, including 'Shorts' (Lives up to Five Years), 'Five to Fifteen Years', and 'Over Fifteen Years' categories.

BRITISH FUNDS - Contd

Table of British Funds - Contd, listing various British funds and shares, including 'CORPORATION LOANS', 'COMMONWEALTH & AFRICAN LOANS', and 'LOANS' categories.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails, listing various foreign bonds and rail investments, including 'AMERICANS' and 'PUBLIC AND IND.' categories.

Money Market Trust Funds

Table of Money Market Trust Funds, listing various money market trust funds and their details.

Money Market Bank Accounts

Table of Money Market Bank Accounts, listing various money market bank accounts and their details.

Handwritten note: 'well i think'

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American stocks with columns for stock name, price, and change.

BUILDING, TIMBER, ROADS

Table listing building, timber, and roads stocks with columns for stock name, price, and change.

DRAPERY AND STORES - Contd

Table listing drapery and stores stocks with columns for stock name, price, and change.

ENGINEERING - Contd

Table listing engineering stocks with columns for stock name, price, and change.

INDUSTRIALS (Misc.) - Contd

Table listing industrial stocks with columns for stock name, price, and change.

INDUSTRIALS (Misc.) - Contd

Table listing industrial stocks with columns for stock name, price, and change.

CANADIANS

Table listing Canadian stocks with columns for stock name, price, and change.

Contd

Table listing Canadian stocks with columns for stock name, price, and change.

ELECTRICALS

Table listing electrical stocks with columns for stock name, price, and change.

Contd

Table listing electrical stocks with columns for stock name, price, and change.

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BANKS, HP & LEASING

Table listing bank, HP, and leasing stocks with columns for stock name, price, and change.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks with columns for stock name, price, and change.

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BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for stock name, price, and change.

DRAPERY AND STORES

Table listing drapery and stores stocks with columns for stock name, price, and change.

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BUILDING, TIMBER, ROADS

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LONDON SHARE SERVICE

Handwritten note: 100/100

INSURANCES - Contd

Table listing insurance companies and their share prices, including Royal Indemnity, Commercial Union, and others.

PAPER, PRINTING, ADVERTISING - Contd

Table listing paper, printing, and advertising companies and their share prices, including Newsprint, Printers, and Advertisers.

TEXTILES - Contd

Table listing textile companies and their share prices, including various spinning and weaving firms.

TRUSTS, FINANCE, LAND - Contd

Table listing trusts, finance, and land companies and their share prices, including investment trusts and banks.

OIL AND GAS - Contd

Table listing oil and gas companies and their share prices, including exploration and production firms.

MINES - Contd

Table listing mining companies and their share prices, including various metal and coal mines.

LEISURE

Table listing leisure companies and their share prices, including hotels, resorts, and entertainment firms.

PROPERTY

Table listing property companies and their share prices, including real estate and development firms.

TOBACCO

Table listing tobacco companies and their share prices, including major tobacco manufacturers.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies and their share prices.

OVERSEAS TRADERS

Table listing overseas trading companies and their share prices, including international trade firms.

MISCELLANEOUS

Table listing miscellaneous companies and their share prices, including various industrial and service firms.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft trade companies and their share prices, including car and aviation firms.

COMMERCIAL VEHICLES

Table listing commercial vehicle companies and their share prices, including truck and bus manufacturers.

FINANCE, LAND, ETC

Table listing finance, land, and other companies and their share prices.

PLANTATIONS

Table listing plantation companies and their share prices, including rubber and sugar plantations.

MINES

Table listing mining companies and their share prices.

THIRD MARKET

Table listing third market trading and their share prices.

COMMERCIAL VEHICLES

Table listing commercial vehicle companies and their share prices.

STORAGE AND DISTRIBUTION

Table listing storage and distribution companies and their share prices.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies and their share prices.

DIAMOND AND PLATINUM

Table listing diamond and platinum companies and their share prices.

FINANCE

Table listing finance companies and their share prices.

REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks and their share prices.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising companies and their share prices.

SHIPPING

Table listing shipping companies and their share prices.

SHOES AND LEATHER

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FINANCE

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IRISH

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Table listing paper, printing, and advertising companies and their share prices.

SOUTH AFRICANS

Table listing South African companies and their share prices.

TEXTILES

Table listing textile companies and their share prices.

FINANCE

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TRADITIONAL OPTIONS

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HONORBIT GROUP PLC CASUAL TROUSERS BY ORYER

Belgian town feels effects of British strike

THE PEOPLE of the small north-eastern Belgian town of Genk were yesterday preparing for a joyless celebration as freezing drizzle pattered on the fairground marquees erected in the market square for today's Carnival festival.

William Dawkins reports on a result of Ford's integrated European manufacturing strategy

making 270 vans a week, halted this week because the supply of 2.5-litre diesel engines, from Ford's Bridgend plant in south Wales, ended. The 2,600 workers involved were laid off.

Citibank to focus on larger companies

CITIBANK, the US's largest bank, has decided to give up its attempts to win a share of the medium and small UK company banking market. It will concentrate on the top end of the market instead.

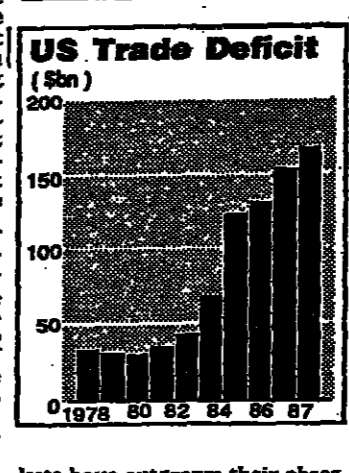
Amro and Générale de Banque plan multinational bank group

PLANS TO form one of Europe's biggest multinational banking groups in the next three years were announced yesterday by Amsterdam-Rotterdam Bank (Amro) of the Netherlands and Générale de Banque of Belgium through an exchange of a portion of their share capital.

Putting paid to an old account

The Governor of the Bank of England's remarks on the Stock Exchange account system have caused quite a flutter in the past couple of days, not all of it logical.

FT Index rose 4.0 to 1385.0



Volcker optimistic on Third World debt

MR PAUL VOLCKER, former chairman of the US Federal Reserve Board, warned yesterday that a "creditors' panic" could undermine progress towards a solution of Third World debt problems.

Markets

After all the fanfare, the December US trade figures passed off yesterday with remarkably little fuss. It would be nice to think that the market has outgrown their obsession with numerical series; but the quiet response seems more due to a certain ambiguity.

Shultz to visit Middle East

MR GEORGE SHULTZ, US Secretary of State, will visit the Middle East this month in an attempt to add momentum to the regional peace process.

La Générale

Générale de Banque, the prize asset of Société Générale de Belgique, clearly does not like the colour of Mr Carlo De Benedetti's money any more than La Générale does. So it is scarcely surprising that the bank, the largest in Belgium and currently 13.4 per cent owned by La Générale, should have chosen yesterday to add to the pan-European muddle surrounding La Générale's future.

CHIEF LONDON PRICE CHANGES YESTERDAY

Table with columns for RISSES and FALLS, listing various commodities and their price changes.

US trade

swayed move to begin releasing them on a more accurate, seasonally adjusted basis, beginning with the April 1988 figures. These are due to be released in mid-June.

"BES is only for 60% taxpayers."

Advertisement for Johnson Fry BES (Business Expansion Scheme) with a form for requesting more information.

WORLDWIDE WEATHER

Table showing weather forecasts for various cities including Accra, Addis Ababa, Algiers, Amsterdam, Athens, etc.

WEEKEND FT

# WEEKEND FT

Saturday 13/Sunday 14 February 1988

MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV

## Two days in October

Only now are the details of last year's Wall Street crash becoming clear. Richard Lambert looks at the chain of events that nearly led to meltdown

Shortly after 12 pm Eastern Standard time, on Tuesday October 20, the heartbeat of the financial world nearly fluttered out. Amid scenes of chaos and panic, trading on the securities markets in New York and Chicago was being driven to a standstill by a wave after wave of selling. In the upper reaches of 11 Wall Street, home of the New York Stock Exchange, market officials were on the telephone to the White House discussing the unthinkable: the emergency closure of the Exchange.

Minutes later, the Dow Jones Industrial Average, which had fallen 800 points in fewer than five trading days, started a smart rally. The worst of the storm had passed, but the financial system had received a shock of historic proportions, and one which has been the subject of deep analysis and study in the US during the intervening months.

With the aid of heavyweight reports from the Securities and Exchange Commission, a Presidential Task Force and others, together with extensive Senate hearings in Washington a week or so, it is now possible to piece together the story of what happened on the day that the hurricane hit Wall Street.

THE MARKET plunge, according to Federal Reserve Board chairman Alan Greenspan, "was an accident waiting to happen." This is not just the wisdom of hindsight, alarmed by the dizzy heights of share prices around the world, one of his first moves after taking his job a few weeks before the crash had been to order a study of how the US central bank would respond to a variety of potential catastrophes.

By the week ending October 16, it had become increasingly clear that there was big trouble in store. The immediate cause of the break, says Greenspan, was incidental: it had not happened in October, it would have hit soon after. What was clear was that the stock market was swinging downwards with increasing violence, at first in response to bad economic news - such as grim trade figures on the Wednesday - but more and more prices were falling under their own momentum.

After what had been one of the most powerful bull runs in history, investors were beginning to cut and run. On Friday alone, a group of actively traded mutual funds faced redemptions from customers which exceeded new sales by \$750m. Like unit trusts, mutual funds take money from the public to invest in the stock market - and if investors want out, they have to be paid back in cash.

Most worrying of all, the big investment funds run on so-called "portfolio insurance" strategies were starting to become big sellers. Portfolio insurance had been one of the great fads of the previous two years: the value of pension fund assets managed in this way had jumped from \$8.5bn to more than \$60bn in the space of a year.

It seemed like a wonderful idea, which would allow investors to stay with a rising market and yet protect their portfolios in the event of a fall. Using computer-based models, portfolio insurers would work out the best mix of cash and stocks to suit various levels of the market. These ratios would usually be achieved not by buying or selling shares, but by trading in the futures markets, where you could effectively trade in the entire stock market by way of a single deal.

Thus, if you buy a stock index future, you get a contract for future delivery of a sum of money which will be based on an index of share prices, like the Stan-

dard & Poor's 500 or the Major Market Index.

As it turned out, the portfolio insurance concept was fatally flawed in at least two respects. One was that it encouraged investors to buy when shares went up and to sell hard when they went down. If there was a trend, the portfolio insurers were going to exaggerate it. On a typical computer model, a 10 per cent fall in the market would call for sales of over 20 per cent of one's portfolio.

The other flaw was that the concept depended on what Greenspan calls "an illusion of liquidity": the belief that you could buy or sell huge lines of stock or futures without wrecking their prices. This was to be a key element in the coming disaster.

John Phelan, chairman of the New York Stock Exchange, had made no secret of his worries about portfolio insurance. "At some point in time, you are going to have a first class catastrophe," he said last March. Seven months later, it was on the way.

On the Friday before Black Monday, portfolio insurers sold the equivalent of over \$2bn of stock - but it was nothing like enough. On the basis of the market's decline that week, their computer models dictated that at least \$12bn of equities should have been sold. In fact, they had managed to get rid of less than \$4bn.

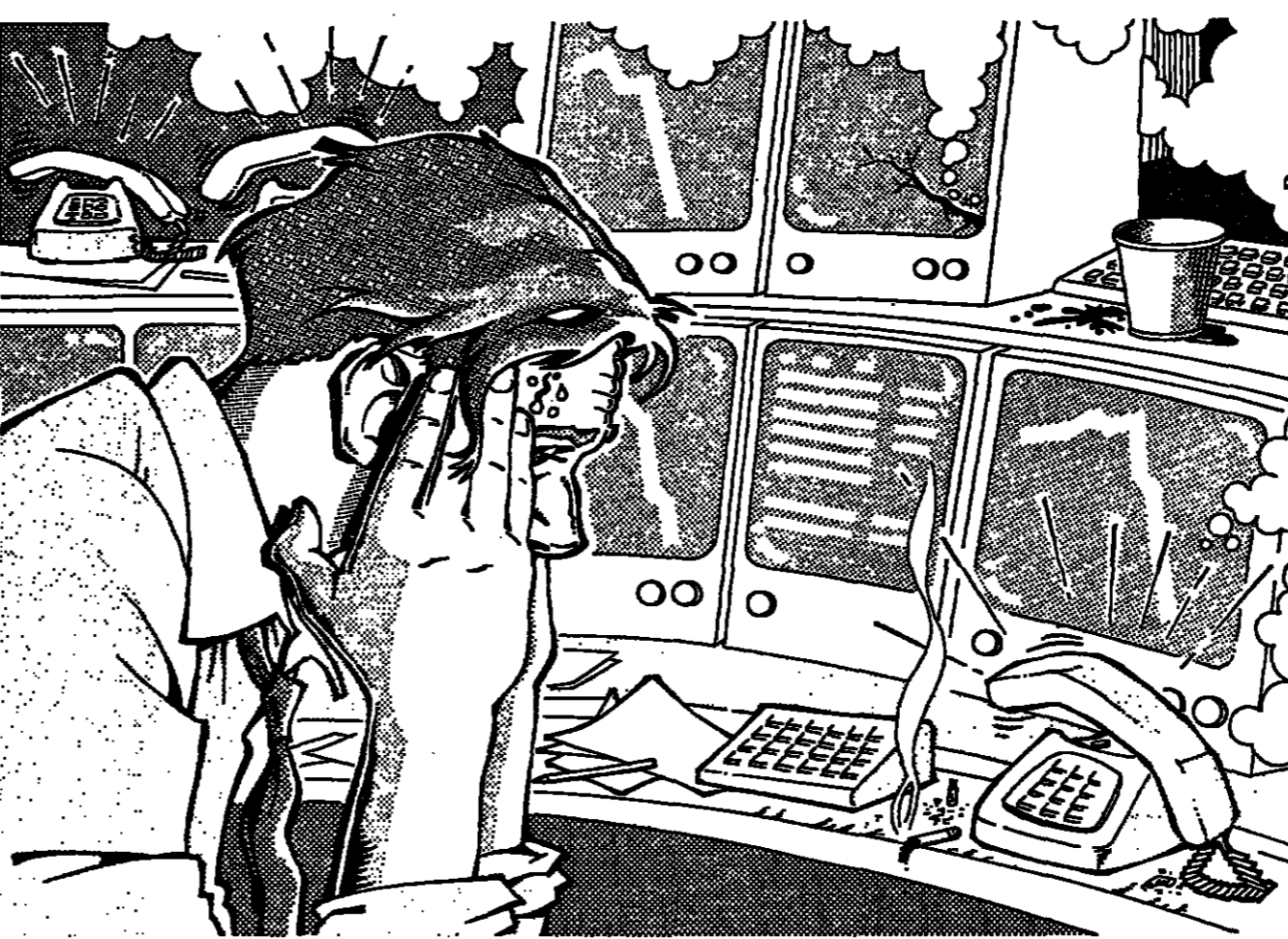
With the knowledge of this enormous overhang of selling, regulators of the US securities industry had a grim weekend. Senior staff at the Securities and Exchange Commission, the federal agency with ultimate responsibility for the US stock markets, worked through Saturday and Sunday taking soundings and cancelling business trips planned for the coming week.

What the SEC discovered that weekend, says chairman David Ruder, was "rightening." A deluge of selling first thing on Monday morning seemed inevitable.

The US was not alone with these worries. In Tokyo overnight, the Japanese market fell steeply, and there were big falls in Hong Kong and Sydney. The London market fell 10 per cent on Monday morning, partly a delayed reaction to Wall Street's fall the previous week (a freak hurricane had closed the London exchange on Friday), and partly in response to heavy early selling from New York. One US mutual fund group, up with the larks, sold \$30m of stocks in London in a bid to beat the expected slump when New York opened.

Foreigners were to return the compliment. Overseas buying of US shares, which had played such a big part in the latter stages of the bull run, was absent that Monday morning. And US stockbrokers were picking up big selling orders from abroad - some from Japan, but mainly from Europe.

The first US market to feel the blow was in Chicago, where trading in futures on the Major Market Index opened at 9.15 with a sharp fall. But all eyes were on Wall Street, where a huge volume of selling orders was building up ahead of the 9.30 opening.



The pride of the New York Stock Exchange is the Super-Dot system. This is a computerised trading mechanism which allows brokers to route orders directly from their offices to the trading posts on the floor, where each stock is the responsibility of a particular specialist. The specialists are members appointed by the Exchange authorities to be responsible for maintaining an orderly market in the stocks assigned to them. They were about to be tested as never before.

Sell orders amounting to nearly \$500m were loaded into the DOT system alone before the market opened. In some stocks, such as Exxon or Eastman Kodak, sales outnumbered purchase orders by several hundred thousand shares. Faced with such imbalances, a number of specialists delayed the opening of their stocks: trading in 13 of the 30 shares in the Dow Jones Industrials had not started by 10 am.

All the same, volume in the first 30 minutes amounted to around \$2bn, with some \$500m coming from the sales of one mutual fund group (thought to be the giant Fidelity group of Boston). Friday's record drop of 103 points in the Dow was exceeded in the first hour of trading.

Amid the uncertainty, a hurried meeting of Exchange officials and leading brokerage firms at 10 am produced a consensus not to halt trading. Over the next 26 hours, this subject would arise again and again. It was always clear that if New York closed, then all the other US markets would do the same, and the different centres were in constant touch with each other, although sometimes with confusing results.

The White House, too, was in on the act. Howard Baker, President Reagan's chief of staff, spent much of Monday and Tuesday on the phone, as did Beryl Sprinkle, chairman of the President's Council of Economic Advisers. He tracked "Cash" Mahlmann of the Chicago Board of Trade down the phone to a board meeting in New York that Monday. Mahlmann told him that his Chicago market was working well. "He said, 'Good.' He said, 'Are you going to stay open?' We said, 'Yes.' And he said, 'Good.'"

The knowledge that the White House wanted to keep the markets open if humanly possible was to have an important influence on Board of Trade officials when the going got really rough the next day.

The selling pressures were still building up. Around 10.30, one giant pension fund

investor - thought to be Wells Fargo Investment Advisers - decided to switch its portfolio insurance strategy. Instead of just selling through the futures market, it started to dump great baskets of stock as well. By about 2pm, it had sold nearly \$1.1bn worth, in lumps of almost \$100m each.

There was a brief rally around mid-morning, fuelled in part by one unidentified foreign investor who picked up \$215m of futures. But by 11.40, that was being overwhelmed by more sales from the portfolio insurers. By 2pm, they had sold another \$3.7bn of futures and stocks - and the Dow had fallen a further 9 per cent.

The specialists on the New York Stock Exchange were finding it increasingly difficult to fulfil their role. At the start of the day, their total buying power amounted to no more than \$3bn, and as their inventory of stock built to uncomfortable levels, their capital base was becoming seriously strained. By the end of the day, 13 specialist units had no buying power left at all.

To make matters worse, the DOT system was becoming clogged with the unprecedented volume of business. It was getting more and more difficult to keep up with the latest orders and prices.

Other markets were having an even harder time. The over-the-counter market, which operates through telephones and computers, was facing all kinds of difficulties. Brokers were finding it incredibly difficult to contact market makers over the phone, market makers were formally pulling out of a number of their markets and the system was jamming up with a high number of price anomalies.

At 1.09 pm, there was fresh cause for alarm. The Dow Jones news wire chattered out a quote from the SEC's David Ruder: "... there is some point, and I don't know what that point is, that I would be interested in talking to the NYSE about a temporary, very temporary, halt in trading."

It was the equivalent of shouting fire in a crowded theatre. Some minutes later, the SEC announced that it was not discussing market closures - but by 2.05 pm the Dow was down another 112 points. Besieged by a horde of reporters after delivering a speech in Washington, Ruder - as he now recognises - had not been sufficiently aware of the power of his words at a time of panic.

As the dreadful afternoon wore on, interconnections between the New York and Chicago markets started to break down, mainly because trading systems were becoming gummed up with uncompleted orders. Normally, if there is a discrepancy between prices ruling on the futures market and those of the underlying securities on the stock exchange, traders step in to iron out the difference by buying one and selling the other. But to do this, they need to be sure that their orders are going to be rapidly and efficiently executed - and this was no longer the case.

As the futures market was driven down by sales from the portfolio insurers to levels far below those ruling in the stock market. That led to the so-called "billboard effect": no-one would risk buying shares when the futures market was saying that they could fall a lot further - and no-one wanted to buy futures while the portfolio insurers were still rushing for the exit. At one stage, the market was more or less in free fall.

Meanwhile Alan Greenspan, chairman of the Federal Reserve Board, was on an aeroplane to Dallas to make a long-promised speech. Greeted at the airport by a Fed official, his first words were to ask how the market had closed. On being told it was down 508, his instant reaction is said to have been one of relief. It took a second or two for the fact to sink in that the official was not using the "0" as a decimal point.

Taken as a whole, October 19 was perhaps the worst day in the history of US equity markets. Volume on the New York Stock Exchange of 604m shares compared with a theoretical capacity of a little under 450m shares a day; no wonder its systems had been stretched to the limit. The extraordinary feature was the extent to which selling was concentrated in a small number of hands. One pension fund sold 27.3m shares that day, along with a huge number of futures contracts - and had conditions permitted, its portfolio insurance strategy would have called for sales of at least another 27m. The top 15 sellers on the stock market accounted for about 20 per cent of total sales, while in the futures market, the top 10 sellers accounted for roughly 50 per cent of customers' business.

Shortly after the close, John Phelan, chairman of the New York Stock Exchange, captured the drama of the day

Continued on Page III

### The Long View

## Plenty of rules, too few regulators

DO YOU remember deregulation? The process never got very far in the financial markets (where it was confused with the abolition of stock market commission cartels) and now the regulators are busily sharpening their dentures once again. We are back to the age of the rule-book.

Regulation follows a Kondratieff-style 50-year cycle. Share-pushing scandals in the 1920s generated legislative responses in the 1930s, first in the US and then the UK. This time around, however, Britain has had to do a bit of leapingfrogging: London's global market aspirations have required a comprehensive upgrading of the regulatory systems.

Practically, the shadow boxing will be over in Britain. There has been a lengthy transitional period since the Financial Services Act was passed in 1986. But investment firms have only two more weeks (until 7-Day, February 27) to gain provisional authorisation.

After A-Day, a date in April yet to be announced, it will be a crime for unauthorised operators to carry on investment business.

Barry Riley looks at the activities of the SIB and suggests there have been several serious mistakes in the process of implementing the new regulatory system in London



There have been some sort of compensation scheme coupled with an educational campaign to make the investing public more aware of the principle of caveat emptor.

The second difficulty has been the middle over so-called self-regulation. This goes back to the original report compiled four years ago for the Department of Trade and Industry by

Professor Jim Gower, an academic lawyer.

Gower would have liked to propose a British SEC, a statutory body staffed by civil servants, but feared this was politically a non-starter. He therefore proposed the SIB, a private sector institution. This would continue the self-regulatory traditions of the City of

London, as manifested in independent bodies such as the Council of the Stock Exchange, but would co-ordinate the self-regulatory organisations (SROs), fill in gaps and provide a discreet element of statutory backing.

Perhaps Gower's stratagem would have worked out better had the scale of the regulatory structure not become greatly extended as a result of the stock market changes which, through the Big Bang, produced giant international securities groups. The system had to cope with these, as well as the man-and-a-dog investment broking and management firms.

The DTI seized eagerly on the idea of a self-regulatory SIB. It meant that it could persuade the City of London to draw up its own rule-books. It could largely wash its hands of the need to regulate the investment markets, a responsibility which the Whitehall civil servants had never relished. An SEC would be quite a different matter: the DTI would have to set one up itself and could not expect much co-operation from investment practitioners, although no doubt the lawyers would be enthusiastic.

There followed an intense but ultimately empty political debate in which the Labour Party was forever pressing for the creation of a statutory body but the Conservative Government insisted on maintaining a self-regulatory structure which permitted closer practitioner involvement and much greater flexibility in setting and adjusting rules. It was only a year or two later when the rule-books, drafted in purest legalese, began arriving that the practitioners realised they had been taken for a ride. The SIB turned out to be a statutory wolf dressed in self-regulatory sheep's clothing.

A third error, more tactical than fundamental, has been the misjudgment by the SIB over so-called polarisation. Because

the life assurance industry has been represented so powerfully among the SIB's members, it has been able to block proposals for disclosure of commissions and charges.

Instead, investors are to be protected by the roundabout route of requiring that salesmen should either be independent or represent a single investment house. They cannot sell both in-house and third party products.

This inconvenience life assurance offices only slightly but is much more seriously damaging to the banks and building societies, which cannot make proper use of their High Street selling potential.

The banks thought they were in an even-handed consultative process over the polarisation proposals, but realised too late that they should instead have been fighting a tough political battle with the life industry. Now the banks have been made into enemies: for starters, they want the head of the SIB chairman, Sir Kenneth Berrill, whose contract comes up for renewal, or termination, in May.

The SIB has done much that is valuable: its recent delving into the somewhat murky subject of unit trust pricing has been a case in point. Now its crucial target date, A-Day, is in sight and the immense regulatory superstructure will be more or less in place by then.

But there is a cloud over the future. Who is to supply the momentum for the new system? The SIB and its various subordinate SROs have spawned innumerable boards, committees and tribunals. The argument that practitioners will be able to have a big influence by sitting part-time on such boards now looks unconvincing so far most of them have been reduced helplessly to rubber-stamping the voluminous outpourings of bureaucrats.

We have the rule-books. But will we be able to find the regulators?

# HAPPY BIRTHDAY

No O&M...no comment

OGILVY & MATHER LTD. BRETTENHAM HOUSE LANCASTER PLACE LONDON WC2E 7EZ.

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MARKETS

Fund managers take no risks

THE LONDON stock market and the London weather centre had much in common this week: both spent much of the time looking anxiously across the Atlantic for potentially disastrous storms.

The already miserable volume of equity trading in London slowed even more this week, with institutional investors staying on the sidelines ahead of yesterday's anxiously-awaited December US trade figures.

lack of movement, not only in response to the US trade figures but also to some good domestic economic news in the form of January's retail price index statistics, which went some way to allaying fears of inflation.

Despite the nervousness, the week did produce several more encouraging pointers. For one, the two largest new issues to be launched since October's stock market crash (apart from Euro-tunnel, which was something of a special case) published their prospectuses.

London

AMI Healthcare, the UK offshoot of an American company, is being launched on the main market with an offer for sale to raise \$31m, capitalising the group at \$142.6m; while London Forfeiting, a trade finance company, is conducting the largest capital-raising issue so far on the Unlisted Securities Market, with an \$81m offer for sale, giving it a market capitalisation of \$160m.

However, the companies are, understandably, not taking many risks with their pricing of the issues. Forfeiting is coming to market on a p/e of 9.5 and a 5.6 per cent yield, while AMI's p/e is just under 15.

Meanwhile, a generally dull week for company results, ahead of the coming heavy

reporting season, was enlivened by some surprisingly good figures. Amstrad, the computer and consumer electronics group built up by Alan Sugar, produced interim pre-tax profits of £90.12m, up 26 per cent and far ahead of analysts' expectations, which had been pitched around £80m.

Amstrad, indeed, Sugar said that October's crash had had no effect on demand for the company's products and the only impact he had detected was the "most ridiculous under-rating of our company's stock price."

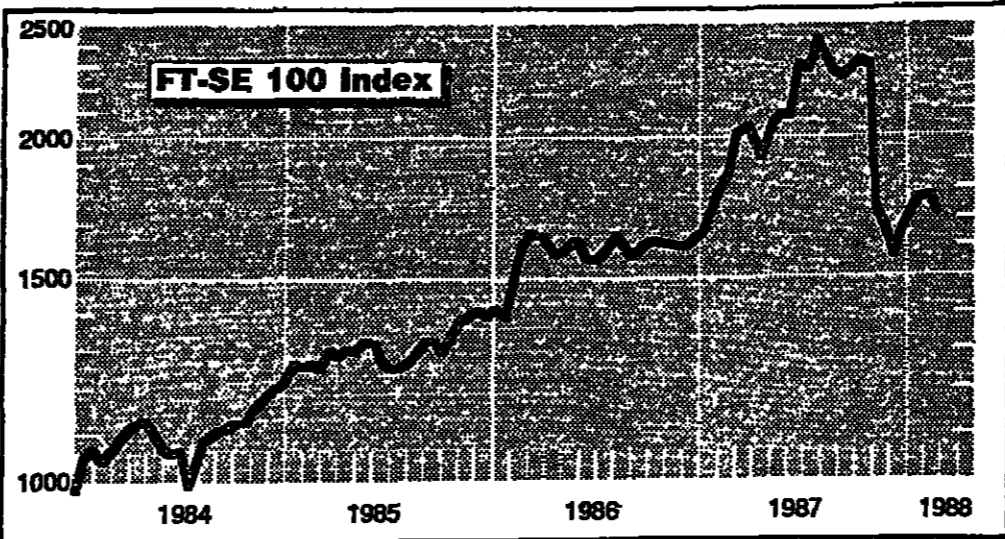
He has a point. Amstrad's shares are trading on a prospective p/e of around six, a 40 per cent discount to the market average. The problem is that City investors continue to view it as something of a one-week wonder and question the quality of its earnings. Sugar, goes

the argument, might be a brilliant marketer but the company is only as good as its latest products, and who knows if these will continue to wow the consumers?

However, these arguments have been repeated for years, and each time Amstrad has pulled off another marketing coup. Moreover, the quality of the earnings has been improving. The latest figures show them growing across the entire product range and in all the important national markets.

Reuters, the international information group, also surprised the market with its apparent resilience in the wake of the market crash. Its share price has suffered particularly badly since Black Monday, falling by over 50 per cent in the immediate aftermath of the crash and underperforming badly since then.

Yet when Glen Benfrew, the managing director, unveiled 1987 pre-tax profits of



£178.8m, bang in line with expectations, he also declared that the group's trading prospects had not been severely impaired by the crash.

He pointed out that much of the company's revenue was sold under long-term contracts, not subject to instant cancellation, while the geographical spread of its operations gave it some insulation and the very volatility of the markets made the need for information that much more important.

Over half of Reuters' turnover comes from foreign exchange information and dealing services, rather than the more vulnerable equity market, although clearly the company is not going to be entirely immune to the bear market.

Against that, orders for its new Equity 2000 service, which gives information on more than 100,000 worldwide equity, futures and commodities prices, appears to be going well and the company should manage

earnings growth this year in the upper teens. The week also brought a fresh share dealing drama, when the Department of Trade and Industry announced an inquiry into possible insider dealing in May last year in the shares of Peacely, the property group. Furthermore, it said this would include any transactions with which John Ribbit, chairman of British Land and one of the UK's most eminent property businessmen, may have been connected.

Ribbit promptly denied any involvement in insider dealing. It is the second DTI inquiry involving Peacely in a decade: in 1979, an investigation found that Sir Eric Miller, chairman until 1977 when he committed suicide, had used company funds as if they were part of his personal bank account.

What with strikes, inflationary fears and Peacely, the whole week had a curiously pre-Thatcherite 1970s feel about it. The parallels are pretty unconvincing, but they are hardly likely to allay the market's jitters.

Martin Dickson

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Table with columns: Company, Value of bid, Market value, Price per share, Value of bid, Bidder. Lists various companies and their financial details.

PRELIMINARY RESULTS

Table with columns: Company, Year, Pre-tax profit, Earnings per share, Dividend per share. Lists companies and their financial performance.

INTERIM STATEMENTS

Table with columns: Company, Half-year, Pre-tax profit, Interim dividend. Lists companies and their interim financial results.

RIGHTS ISSUES

Mining & Allied Supplies are to raise £2.12m via a seven-for-eight rights issue at 17p. Spanish Products are to raise £1.13m via a two-for-five rights issue at 77p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

AMI Healthcare are planning an offer for sale of 23.2m shares at 27p. Cuyper are to join the USM via a placing of 2.4m shares at 130p.

RESULTS DUE

Table with columns: Company, Announcement date, Last year, This year. Lists companies and their upcoming financial results.

MAGAZINE PUBLISHING

The Financial Times proposes to publish this survey on: 21st March 1988

For a full editorial synopsis and details of available advertisement positions, please contact: Sarah Pakenham-Walsh on 01-248 8000 ext 4611

or write to him at: Bracken House 10 Cannon Street London EC4P 4BY

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

Good... but it could be better

THE FIRST birthday of the third market last month was greeted with mixed feelings. Earlier projections of 200 entrants fell somewhat short of the mark, with only 37 companies actually finding their way there.

Perhaps the sponsorship requirements were too onerous or a quotation too expensive for many companies. Other were quite simply not ready. Yet, among those companies which did come to the third market are plenty of satisfied directors.

The reason is that it has given their companies greater visibility, a wider market for their shares, and has helped some to make acquisitions. Last year, 12 companies made 30 acquisitions, involving the issue of £25m in shares.

However, one of the main problems is that the third market is seen as a stepping stone, rather than an end in itself. This is shown by the ambitions of three of its more acquisitive companies. After only a year, they are looking towards quotations on the USM or main market.

One is Broadcasting Communications and chairman Michael Brahm explains that his company would prefer to have more institutional shareholders in addition to the 5,000 or so with shareholdings of £100 each.

"It would help raise the status of the company," he says, and make long-term financing for acquisitions and growth easier. Some of the institutions seem to look on the USM more favourably - the level of knowledge is greater.

Broadcasting should know as much about city investors as anyone. It owns 60 per cent of Business Television, producer of Channel Four's Business Programme and the lunchtime

HIGHLIGHTS OF THE WEEK

Table with columns: FT Ordinary Index, Change on week, 1987/88 High, 1987/88 Low, and a brief description of the week's market activity.

Business Daily. It used to be the OTC property shell, dispensing investments, before the Brahm video interests were reversed into it. Brahm says the company is now ready to seek further financing for long-term expansion in broadcasting in the UK and abroad, and claims the stock market crash is actually an advantage.

"Multiples are lower," he points out, "so our relative position has improved when it comes to buying companies."

Junior Markets

And, although he wants to move on to the USM, he believes a third market quote has been worthwhile. The main advantage is one of higher marketability than on the OTC. "We have three market-makers and shareholders can buy or sell through any stockbroker. I think the third market, and the presence of the stock exchange authorities, makes people feel more comfortable."

Another communications group, Catalyst, will be seeking a USM quote in the near future. Its three main divisions are sales and information, communications (which includes its original public relations business) and marketing services.

"Without the third market quote, we could not have made any of the acquisitions over the last year," says chairman Tim Rosen. Catalyst is expected to report nearly £1m in 1987, having bought several other companies over the year. Its ambition is to build up a total package marketing services group.

"We want to acquire more direct marketing businesses," he adds, "and to enlarge our publishing interests. We also want to build our asset base and are looking at doing so in related areas, like conference centres. Catalyst would buy the building and then manage it."

The problem with people businesses is that they are only as good as the people running them. Others have found that growth by acquisition - in other words, by buying people - has its perils.

Rosen believes Catalyst is different. "What distinguishes us from our competitors is our approach: we want to develop a creative and entrepreneurial federation with a horizontal structure, bringing in good new management."

Catalyst has also succeeded in attracting an unusual number of institutional shareholders, including 18 large funds in addition to 1,800 smaller shareholders. "At the end of the day investors follow companies, not markets," argues Rosen.

One of the largest third mar-

ket companies is Leading Leisure, the owner of Shanklin Pier on the Isle of Wight which was demolished by the October storm. Barry Malizia, the chief executive, sees the storm as a rather fortuitous act of God.

"The pier was in such a bad state, it was probably uninsurable. We saved about £2m by it blowing down," he says.

"We want to acquire now left with a freehold over the water around the quarter-mile pier, which it intends to develop with amusement interests. "We treat a pier just like any other land," Malizia adds.

Malizia wants to expand the small part of Leading Leisure's interests, which fall into two categories. These are gaming - including the operation of four casinos, three bingo clubs and 70 betting shops; and the rest: the Norfolk Royale Hotel in Bournemouth, due to open in April after refurbishment, eight pubs and clubs, outside catering, and a holiday village on the Isle of Wight.

Malizia wants to expand the holiday village business in the UK. Strong cash flow from the gaming businesses will help finance capital investment in further hotels and villages.

The company will eventually seek a full listing. As Malizia says: "The whole purpose of the OTC and third market is not to be on them for ever."

Heather Farnbrough

Midland again at a loss

Results Due

IN THE LULL before the main results season begins, the three majors which are due to report next week are marked, respectively, by sadness, distrust and a certain apprehension about world events.

Perhaps reflecting the hand of Sir Kit McMahon as both chairman and chief executive, Midland Bank this year leads the bank reporting season, with its 1987 results due on Thursday. But Midland is the sad one.

It is hard, say analysts, to remain angry at a management which has seen virtually its whole top echelon depart since the disastrous Crocker National acquisition was made at the beginning of the 1980s. But they are sad that a company which was up with the best a few short years ago is just not there any more.

Midland got into most trouble with the market last year, by far. But Midland is the sad one. Third World debt provisions below the line although the slow, painful way it shut down the Greenwell banking arm also attracted a lot of criticism.

At the time, it reversed the accounting decision in December and analysts began looking at a 1987 loss of £350m or more, against pre-tax profits of £434m the year before.

In the interim, it had had the humiliation of being approached as a takeover target by advertising group Saatchi & Saatchi, with names like Hanson and Robert Maxwell also involved.

That sort of speculation fell away after the Hongkong & Shanghai Banking Corporation bought 14.9 per cent of Midland for \$400m, in a deal which left it free to make a full bid in 1991.

Next week, meanwhile, Midland's results are expected to reflect another £100m of general provisions, mitigated in some quarters by acceptance of its industrial strategies, like its plans for the concentration of UK semiconductor manufacturing capacity.

It bought Ferranti's semiconductor operation last November (in a deal hailed as a good one for the vendor) and it is apparently still negotiating with GEC over the latter's share of the business.

World events could mar the somewhat esoteric appreciation of the British Airways third-quarter results on Wednesday - esoteric because these figures represent part of the seasonally less important winter half; appreciable because BA, even here, has been showing what it can do in the matter of load factors and overhead recovery.

BA's chairman, Lord King, led the group to a fine performance in the April/September half-year, with profits 65 per cent higher at £522m pre-tax. It also points the marks three months ago with second-quarter profits down 25 per cent to \$33m pre-tax against analysts' expectations of \$40m, and \$44.2m a year previously.

It is said that the full year would be down slightly from the £184m of 1986/87, but even Plessey's supporters are now going for a £170m total. Within that, they are building in third-quarter expectations of some £32m, down from \$45.2m previously, and looking for consolidation from an upcoming Class 1 circular on the telecommunications merger with GEC.

What they are concerned about is the international economic situation - and whether westbound air traffic across the Atlantic from the UK and Europe will match the effect of any recession in the US. These are the known risks.

It has to be remembered that the summer of 1986, for BA, was demolished by a combination of Chernobyl and terrorist incidents in Europe which led to Americans being advised not to come to Europe at all.

City observers expect the group's third-quarter profits to rise from £13m to £20m, a change from years gone by when the company lost money, or broke even at best. They have also seen good January traffic figures - and a call for 2,000 voluntary redundancies at British Caledonian, in a statement from BA this week.

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Lord King, chairman of British Airways



Sir Kit McMahon, of Midland Bank

The company forecast a sluggish/poor performance in the first two quarters of 1987/88 but it still managed to disapp...

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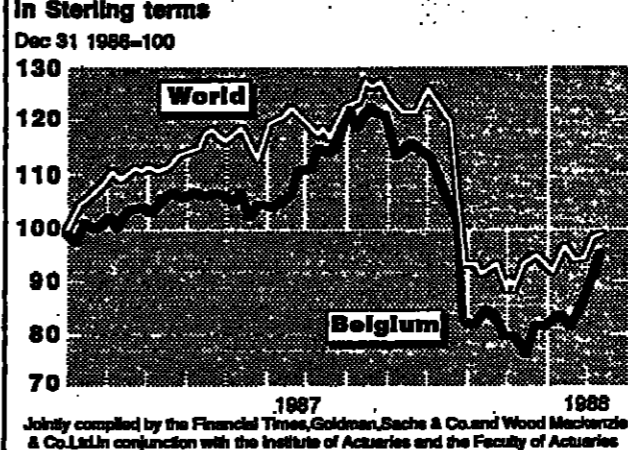
MARKETS

Frenzy grips the Bourse

World Markets

THE PACE HAS been breath-taking, the daily twists and turns as much as any participant (let alone spectator) can keep up with.

FT-Actuaries World Indices



FT-ACTUARIES WORLD INDICES

Table with columns: Country, % change Jan 1988, % change Jan 1987. Rows include Australia, Austria, Belgium, Canada, Denmark, France, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, S Africa, Spain, Sweden, Switzerland, UK, USA.

FT-ACTUARIES WORLD INDICES

array of small investors enticed into the market by major new tax incentives.

department for monitoring the stock market. Like the Takeover Panel in London it has no legal authority - only moral. But, unlike its UK counterpart, it has no written guidelines built up over years of experience on which to base its decisions.

Although legislation was planned before the fall of the last government, Belgium has no law compelling large shareholders to disclose their stake (a factor which enabled de Benedetti to build up his 18.6 per cent holding unnoticed).

The fact that virtually all Belgian stocks are held in bearer form has not only encouraged the proverbial Belgian dentist - shorthand for the small investor with an aversion for the taxman. It also provides the ideal conditions for insider trading since there is little or no way of finding the offender.

Under the combined weight of these influences, the stock market indices advanced steadily each year, chalking up a 30 to 35 per cent increase in both 1986 and 1987 (to October) before being brought to a sudden halt by the worldwide crash.

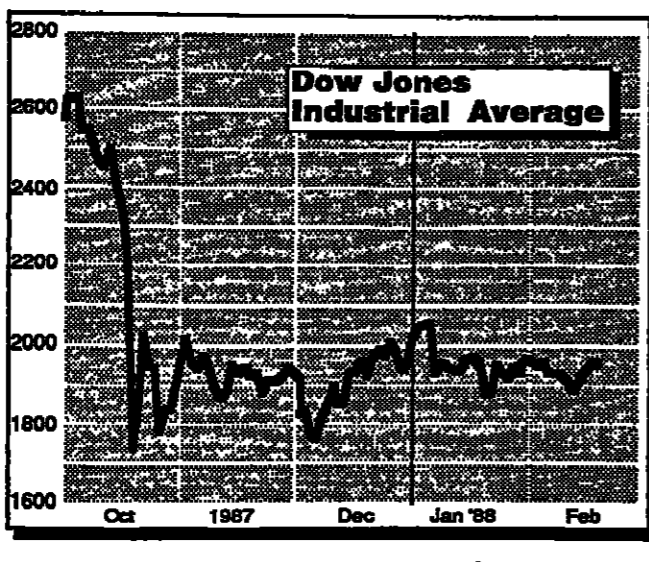
Lack of liquidity in all but about the 20 biggest stocks (including Petrofina, the oil group, Solvay, the giant chemicals concern, and the other big holding company, Groepie Bruxelles Lambert) is still a handicap; the political instability created by the country's deep-seated linguistic divisions mean that the market remains a high risk and specialised option for the foreigner.

And despite the excitement generated in 1987 by contested bids for the insurance group Royale Belge and Assubel, and last summer's rumours of a raider stalking La Generale, the traditionally calm environment of the Brussels Bourse had barely been interrupted by the sound and fury of a contested takeover.

The job of protecting shareholders, notably small investors, and ensuring a "transparent" market during the hectic conditions of the past few weeks, has fallen to the banking commission, the government-appointed body known best for overseeing the banking sector but which has a special

Tim Dickson

"IF THE PRICE is right I think you'll sell anything except your kids and possibly your wife," Carl Icahn said a few years ago during one of the bruising takeover battles which made his reputation as a corporate raider. Today, he has a pressing problem with prices.



Raider strikes price trouble at Texaco

Stuck in a 15bn gamble on Texaco, he changed tactics abruptly this week and is trying to use his 14.8 per cent stake in the oil major to help him win control of the board and give a bit of life to its stock price. So far, Wall Street has failed to cooperate and Texaco continues to languish.

Few people believe he has much to offer the oil company in terms of management, even if he did win a long-shot proxy fight. Since he would not try to push up the price, he is planning a full takeover offer, he must instead be trying to engineer the right exit price.

While he has good financial reasons for taking an even more active role in Texaco, the vast bulk of US investors, in contrast, are still lacking conviction about the broad market. They do not know which way to jump - either out, fearing a recession, or in, believing Wall Street's tentative rallies.

building products group rejected its \$85 a share offer. The power tool-maker said that if it won board control it would remove American Standard's poison pill defence and proceed with its offer.

American Standard's shares remained several dollars above the offer price because the market believed that a full bid will come from Black and Decker or a white knight.

Takeover stocks in general remain the only sign of robust life in the market. Campeau's bid for Federated Stores, and Coniston partners for Gillette, are the main events but interest in Salomon Inc was piqued after the company, parent of the Salomon Brothers investment firm, adopted a poison pill defence.

Vague rumours of internal dissension and hurried takeover bids continue to swirl around Salomon. However, John Gutfreund, the chairman, refused to acknowledge any significance to the move. It was merely a case of the firm taking the same preventative medicine which it has prescribed for about 500 US corporations in recent years, he said.

Some market players, lacking the stomach for the rough and tumble of takeovers, have turned instead to lucrative dividend strategies. Fully a fifth of Thursday's trading volume came from five utility and energy companies offering dividend yields on stock prices ranging from 5 per cent to 11.2 per cent.

These five - Niagara Mohawk, Philadelphia Electric, Panhandle Eastern, Interstate Power and Atlantic Richfield - were merely the latest example of the market players, lacking any which feeds the malaise but also stark memories of the trading debacle on Black Monday.

Seen from Wall Street, London's cheery prognosis this past week that no changes are needed in market structures and that, in fact, investors should use more rather than fewer futures and options, looks very cavalier.

Monday 1988.72 - 14.76, Tuesday 1914.46 + 15.74, Wednesday 1962.04 + 47.58, Friday 1961.54 - 00.50

Roderick Oram

Two days in October

Continued from Page 1 with a phrase which made headlines worldwide. "I call it the nearest thing to a meltdown I'm ever likely to see," he said. The next 24 hours were going to take him even closer to the brink.

MONDAY night was a time for catching up on mountains of paperwork - and for counting losses. Inevitably, there were rumours that some firms had suffered mortal damage. E.F. Hutton had to deny that it was in trouble a few weeks later, it was the first of a series of denials. Lehman. Officials at the New York Stock Exchange were deeply worried about the health of two firms of specialists, one of which was taken over by Merrill Lynch just before dawn on Tuesday.

The overnight news was grim. Stock markets in Tokyo and London were down dramatically, falling nearly 15 per cent. The Hong Kong market had been closed altogether, amid stories of scandal and huge losses.

In Dallas, Greenspan was up early and in touch with Fed officials around the US. The central question that morning was about credit, not just for the specialists and market makers who had swollen inventories of stock to finance. The big commercial banks were also worried about the potential losses which their investment banking customers had suffered, and about how they would face up to calls for margin payments from the options and futures markets as the day progressed.

Margins serve two functions. They represent a performance bond, which commit traders to meet their obligations. And they serve as collateral for securities bought on credit. If the securities fall in value, you face a margin call for more collateral.

There were already rumours, wholly unfounded, about the financial viability of the Chicago Mercantile Exchange's clearing house. A clearing house stands at the heart of the futures market, handling the trade between members, collecting losses and paying profits. Any uncertainty at all about its ability to pay up would obviously be hugely alarming.

The first signs of a so-called "flight to quality" had been visible on Monday afternoon, as panic-stricken investors switched their money into short-term treasury bills, which are the nearest things to cash. The Fed itself had been keeping close track of currency shipments to banks in order to identify potential bank runs as they emerged: these shipments were starting to rise, although as it turned out this seemed to be the result of cautionary moves by the banks, rather than long queues of their customers.

balance their books after hearing rumours about the clearing house on the Chicago Merc. Some of the specialists also played a part. They were desperate to clean up their swollen inventories and recoup some of Monday's losses.

Whatever the explanation, the market leapt ahead at the opening bell and showed a rise of nearly 200 points in the first hour. Then, once again, the portfolio insurers moved in.

The volatility of some individual shares was extraordinary. For instance, J.P. Morgan - one of the world's great banks - had closed on Monday at \$27 3/4. The stock opened after a delayed start on Tuesday at \$47, before plunging back below \$30 again. For this performance, the Exchange was later to take the unusual step of reassigning responsibility for Morgan's shares to a different specialist.

Once the buying stopped and the futures market started to fall, the stock market suffered a dramatic reversal, taking the Dow down by 225 points in the space of two hours.

In Chicago, traders were beginning to walk away from the pits or sell their seats. In New York, an increasing number of specialists were unable to cope with the continuing flood of selling. Trading came to a standstill in a growing number of stocks. 14 trading halts were called between 10.30 and 12.30. There were no buyers in sight and traders were in an advanced stage of panic and exhaustion.

As on Monday afternoon, the stock market was being driven down by the futures exchanges, where prices were standing at huge discounts to the underlying securities. Potential buyers were afraid of credit risks in the futures markets, and were not going to buy shares when they were so far out of line with the futures markets. The "billboard" effect of the futures market was sending a terrifying message around noon when the Dow was still trading above 1,700, the futures market was signalling a further fall to around 1,400 - a decline which would have wiped out a good number of specialists and market members.

John Phelan was facing growing pressure from members who wanted him to ease their agony, at least temporarily, by closing the exchange. Towards midday, he told David Ruder at the SEC that a closure was possible: the SEC alerted all the other exchanges of what might be about to happen. The Chicago Board Options Exchange appears to have thought that the decision to close had already been taken. At any rate, just before noon it suspended trading in its options index.

At the Chicago Mercantile Exchange, an agonising decision was pending. Its S & P 500 contract is much the most actively traded equity product in the futures market. In the words of Leo Melamed, a senior figure at the exchange: "if the word had gotten out that, in fact, the New York Stock Exchange was going to close... it would have accentuated our panic. We were desperately afraid that our market would become the only market subject to that kind of panic selling."

He was told that Phelan and his colleagues intended to do whatever they could to "tough it out."

Then, suddenly, the tide turned. The first sign of a change came from Chicago where the one equity product still trading in the futures market was the little used contract on the Major Market Index, which is dealt in on the Board of Trade. During an interval of about 20 minutes, beginning at around 12.30, the MMI contract staged an extraordinary 90-point rally, rising from a discount of about 50 points to the underlying securities to a 12-point premium.

This was such a startling change of direction as to lead to suggestions that the contract price had been deliberately manipulated by a few large buyers, in a bid to cheer the headlong fall of share prices. The SEC has found no evidence to support this theory, and it is dismissed by New York dealers. All the same, it was a desperately needed piece of good news.

More was on the way. In what almost seemed like a concerted effort to support the market, a series of very large companies announced plans to buy in blocks of their shares on the grounds that they had fallen too far. Eight constituent companies of the S&P 500 index announced buy-back plans during that critical period between 12.30 and 1.00. A total of \$6bn of buy-backs had been announced by Tuesday evening.

At the same time, large investors were at last beginning to see real value in the prices of securities which had fallen so far. With the major futures markets out of action, there was no longer the alarming "billboard effect" to worry about. Equity prices could be judged on their own merits, without distracting signals from the futures markets to cloud the issue. During the 49-minute period in which the main futures market was closed, the Dow rallied by well over 100 points.

As soon as the futures market reopened, at 1.04, the Dow moved sharply lower again. But the main direction of prices, although still showing huge gyrations, had changed. The closing Dow was showing a net gain of over 100 points, the largest on record. The day's biggest buyer - and the day's biggest seller - was the same firm of portfolio insurers.

How close had the system been to disintegration? The words of the Presidential Task Force are worth quoting in full. "Although Monday was the day of the dramatic stock market decline, it was midday Tuesday that the securities markets and the financial system approached breakdown. First, the ability of securities markets to trade equities was in question. The futures and stock markets were disconnected. There were few buyers in either markets and individual stocks ceased to trade. Investors began to question the value of equity assets."

"Second, and more serious, a widespread credit breakdown seemed for a time quite possible." It was, in short, a classic market panic - an extreme example of an event which has occurred from time to time throughout financial history. In this case, the crisis was made much more acute by the development of new equity-type products in the futures markets with which neither investors nor the market regulators had properly come to terms. The question now to be asked in Washington is whether the markets can be left to put their own houses in order, or whether legislation is necessary to cope with those shortcomings which were revealed on those two grim days in October.

Where would you rather put your money?

- 1. The Taxman's pocket or 2. The Tax shelter

Advertisement for LASER 1988 Trust. Includes text: 'What is the Tax shelter?', 'How much can I invest?', 'What's so great about LASER?', 'Who should invest in LASER?', 'What if my money is all tied up?'. Includes contact information for Colegrave Johnson Fry Ltd.

Colegrave Johnson Fry Ltd logo and contact information: Princes House, 36 Jermyn Street, London SW1Y 6DT. Telephone 01-439 0924.

Handwritten Arabic text: سبأ من الأصل

FINANCE & THE FAMILY

Advice for the wary

MERCURY Fund Managers is linking up with the Cheltenham & Gloucester Building Society to launch a new product aimed at investors who are wary about investing directly into shares after last October's stock market crash.

A non-refundable fee of 2.5 per cent of the initial investment is deducted to cover entry costs. Cheltenham & Gloucester is also involved in the launch of the Roxborough Split Bond.

The Venture fund will take an aggressive, high-risk stance with investment exclusively in a mix of equity funds. The group is also making a special offer of bonus allocations on CU's Prime Investment Bond until March 18 for amounts invested between £2,000 and £19,999.



If you want a mortgage with a 9.5 per cent interest rate, you will have to act quickly. London intermediaries Chase de Vere (Pall Mall) has the offer of money from a major building society at 0.75 per cent below its normal rate, guaranteed for the first 12 months.

CITY board-rooms have seen some strange sights, but that of the blue and red guernsey-sweatered sponsors and directors of Scallop Kings extolling the virtues of the king scallop in the otherwise sedate City offices of Minster Trust on Wednesday was one of the more memorable.

Heather Farmbrough on a way to shell out on investment

A distinctly fishy affair



Net gains: fishermen handling in scallops

Scallop Kings is an unusual venture - and as such, there are no comparisons. It is the kind of issue which looks likely to either succeed or fail in a fairly dramatic fashion.

James Gulliver Associates, which is also providing advice on business development and marketing. Another culinary offer, Concept Restaurants, is a little more scrutable. Sponsors Baltic Asset Management are raising up to £1.5m to enable the company to operate as a restaurant franchisee.

Walk-in share-dealing

John Edwards examines a pilot scheme set up by the Cheltenham & Gloucester

ONE OF the cheapest share-dealing services available is to be offered by the Cheltenham & Gloucester Building Society in a pilot scheme at 10 of its branches, starting on Monday.

When you buy or sell you will be given only an indication of the share price. The actual price will be the "best" that the society can obtain on the market, acting as a broker and not confining itself to prices it is quoting as a market maker.

The society emphasises that it will not provide any share investment advice. Andrew Longhurst, C&G managing director, believes that there is an unfulfilled demand for a straightforward, no-frills, dealing service at a "fair price".

are now moving in, with Nat-West planning to extend its "touch screen" share dealing service nationwide. Barclays relaunching its Barclays share scheme, which offers investment advice as well as an execution-only service.

Christine Stopp explains what happens when unit trusts merge

Search for a happy medium

WHY ARE unit trusts merged, and what actually happens in a merger? Trusts may be merged within a management group, because one of them has shown very poor performance or has been in a market which is no longer considered attractive.

Such indifference is displayed by investors when asked to vote on mergers, that a voting quorum may be set as low as 10 per cent of all unit holders. Most of the votes are by post. A meeting is always held, but Hill has rarely known more than ten people attend.

unheard of for unit holders to veto a merger. To merge two trusts, the portfolios must be compatible in content and similar in yield. When the actual merger takes effect, the merging date becomes an accounting date for both trusts.

says Quinton, but probably an increase in growth to compensate. The easiest way to cure the disparity, he says, is to transfer stocks between the two funds.

More men are guilty of intestacy than adultery.

Intestacy - dying without leaving a will - isn't a crime. But it can be a disaster for any woman whose husband dies without making a will to protect her interests.

Form for requesting a free copy of a guide to wills and will-making. Includes fields for name, address, and post code.

Joint problem

Richard Waters describes a Revenue ruling which may hit people who club together to buy a home

JOINT MORTGAGE borrowers are likely to be asked in future for more information about their individual incomes, and advised to set up joint accounts to make their monthly payments.

type of abuse, says the Revenue. It appears that lenders have been applying different levels of control. The latest ruling is likely to mean all 1,800 of them in a mortgage relief (MIRAS) scheme take a closer look at their procedures.

Turn highly taxed income into tax free capital gains through the Government's Business Expansion Scheme

"What is the business expansion scheme?" The Government is encouraging investment in unquoted companies. In return for your taking the risk, you get income tax relief at your top rate.

"Can I reduce the risk?" Yes. Only invest in companies where you think the management is good. The tax advantages are an additional benefit.

"How can I judge the management?" Read the short career details in each prospectus and look at what the Executive Directors have been doing.

Form for Chancery Securities PLC, including fields for name, address, and a list of investment options to be selected.

Advertisement for Nationwide Anglia Building Society, featuring a logo and details about placing £20,000,000 9 1/2% per cent Bonds due 20th February, 1989.

Advertisement for Cheque service by LANCASTRIAN Building Society, offering a guaranteed automatic overdraft facility of £500.

Handwritten Arabic text at the bottom right of the page.

FINANCE & THE FAMILY

# Fiona Thompson reviews the progress of the contenders in the Great Investment Race Prudential still leading the field

IT MIGHT NOT mean much to you and me but Fuji Denki Reiki is a magic name to Andrew Jacobs at the Tokyo securities house, Nomura. "We had a spectacular success with it," says Jacobs, who bought the small electronics retailer and saw its value zoom, making Nomura \$19,000 profit in a month and lifting it from third to second in the Great Investment Race after eight weeks of dealings.

In the contest, nine teams of fund managers are pitted against the market, and each other, for one year. The aim is to make as much money as possible, all of which is donated to various causes by the race organiser, Charity Projects.

Nomura has boosted its initial \$66,000 stake to \$78,304, according to the WM Company in Edinburgh, the performance measurement consultant which

is evaluating proceedings. Not bad for a team that has made only two or three transactions. Nomura's policy is to invest totally in Japan. "The smaller companies have been doing particularly well," says Jacobs. "At the moment it's fairly hard to pick specific stocks, but we will continue to play fairly selectively."

This month has also split Nomura from its fellow Japanese securities house, Daiwa. There was not much between them last month but Daiwa has slipped a place to fifth with \$59,287. "We've lost a bit due to the exchange rate," says spokesman Antos Glogowski.

Daiwa holds three Japanese equity warrants which are valued in US dollars. "We have held our position on the warrants because I'm bullish on the Tokyo market and wanted to be in a leveraged position to take



THE GREAT INVESTMENT RACE

advantage of the upswing," Glogowski says. "This has now started and we will be putting more money into the electronic and financial sectors."

And Nomura? "I'll have to run to catch up with them," says Glogowski. "I will do my best to beat them."

Still puffing away at the head of the train is the Prudential, clocking in at \$93,625. But even the Pru does not get it right all the time, according to Ted Williams. "We lost money on Wellcome put options. We bought at 28p and they are now worth 5p."

"We have been taking a cautious stance because of the volatile market. We've added two shares, Asda and BM Group - the name of the game is to go for defensive stocks."

The Pru has made most of its money from FT-SE futures dealings, and Williams adds: "In these markets we want to be fleet of foot - and the best way is to be in futures."

City stockbroker Casenove, lying third with \$73,570, has also done a lot of futures trading. After making a few losses on Coats Viyella, Casenove holds only two shares at the moment - Dreyfus, the US fund manager, and Hunter Douglas, a Dutch industrial company.

"We have made a small profit and will probably run them for a while," says Bernard Casenove, "but we are not yet in a

position to establish a core portfolio to run for the 10 months. We want to build up a bit more fat."

Henderson, the independent fund management group, has shot up from seventh to fourth with \$59,998. "I've been taking a contrary view," says Claire Novak. "The sentiment on the gilt market has been swinging wildly in the past month so I've been buying gilts when it was most gloomy and selling when things looked up."

"We've also made a small profit trading in FT-SE futures but the main change is our gilt strategy. However, it may not be possible to continue. It is not common to have these wild swings, I fear."

Henderson's aim, adds Novak, is to "creep up the ranks slowly and quietly so the ones at the front don't realise we're coming up behind."

Hoare Govett, part of the Californian bank Security Pacific, is in sixth position (unchanged from last month) with \$57,297. The team made a \$1,000 profit buying and selling Micro Systems but has not done much else.

"We're keeping our powder dry for an explosion in the Aus-

tralian and Far Eastern markets," says Peter Clark. "We feel they are the best areas for us, but they're deadly dull so far."

Bell Lawrie, the Edinburgh stockbroker, has climbed a place from eighth to seventh although its portfolio value is not much changed at \$56,690.

"We took a modest loss on Dee Corporation, having bought subsequent to the initial bid," says Bryan Johnston. "We're still fairly cautious because of the market conditions. We are not punting in the futures market, keeping rather to our principal holdings plus a couple of call options."

"The market is very heavily influenced by political decisions at the moment. One's just got to look for rallies and take advantage of them."

Capital House, the investment management arm of the Royal Bank of Scotland, has slipped from fifth to eighth and dropped below the starting stake to \$51,898.

"We made money on Wellcome, Porter Chadburn and a Japanese stock, Yodogawa Steel," says David Kidd. "but the bad news is that we held two Australian gold stocks, which was not the right thing to do. However, we are still holding them. Famous last words, I know, but I think they will go up."

No one likes to be bottom of the pile. Unfortunately for Enskilda Securities, the London-based European investment banking arm of Scandinavian Enskilda, Scandinavia's biggest bank, it is unchanged in ninth position again this month. Active mainly in the Swedish market, Enskilda's portfolio has slipped to \$48,921.

"We have been successful in stock options but not in index options," says Nigel Yandell. "We're going to have to be more aggressive. It's a matter of picking things at the right moment. We'll be more active from now on."

There are only 10 days left to get future tax free income for life!

If you are a higher rate income tax payer, or indeed if you believe that at some later stage you may be, the Inland Revenue has just made an announcement that could be of great importance to your future financial well being.

Namely, that after February 24 they are withdrawing tax privileges granted to certain types of life assurance contracts.

These contracts include 'maximum investment plans', either unit-linked or with-profits, whereby you invest premiums for 10 years, or a lump sum, in order to get an income, totally free of personal tax, later on.

Well, that income will no longer be tax free if you start your plan after February 24.

So for your own sake act right now to make certain you don't lose this important advantage. Call us - one of Britain's leading independent financial advisers - for detailed information without obligation. And do it right now - the clock is ticking...

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## Life companies move to avoid disclosure Unpreferred charges

AT PRESENT traditional life assurance companies are under no obligation to tell investors what charges they make on their with-profit contracts, or even give an indication of the proportion of premiums that is taken by the company to meet its expenses.

It is rather different with unit-linked life and pensions business, where the level of charges and deductions made are disclosed by life companies.

However, the complex structure of unit-linked business, with its capital and accumulation units, initial and renewal charges and bid-offer prices spread, makes it very difficult in practice for the vast majority of investors to work out the overall expenses of a plan.

However, one of the underlying principles behind the Financial Services Act, which is to be implemented from April, is that that potential investors should be given a full picture of any investment, including the costs of making it.

There has been strong pressure on the Securities and Investments Board (SIB) from MPs and consumer organisations to require life companies to provide the same type of information already given by stockbrokers when you buy shares.

The life companies have stoutly resisted this pressure on the grounds that:

(a) The systems of deducting charges, which vary considerably between life companies, are too complex to explain in simple form.

(b) If details were provided the public would not understand them.

(c) The cost of providing information would be borne by investors, most of whom would not want the information anyway.

(d) Charges are very much a secondary influence on the overall return on a life or pensions contract. The main factor is the underlying investment performance.

(e) Life companies will be required to give illustrations of the surrender or early cash-in values over the first five years. This, the companies claim, gives a clear indication of the effect of the charges made on life and pension contracts.

These views were lobbied very strongly to SIB which, not surprisingly given the strong life company representation on its board, received them favourably.

But there is a more compelling reason not cited by the life companies: the disclosure of charges could alert an unsuspecting public to the high initial costs of investing in life and pension contracts.

Full disclosure of charges

could have been the catalyst to bring about a major reorganisation in the methods by which life and pensions are sold - methods that have in many instances not changed with time.

SIB did not see this opportunity. Instead, it adopted the traditional bureaucratic approach to difficult and awkward problems. It decided to seek an independent report.

Last April, it commissioned Peat Marwick McLintock, a major accountancy firm, to investigate the subject of life assurance charges and expenses. This week, the partner heading the investigation, Gerry Acher, unveiled the investigation's thoughts on the subject in the form of an exposure draft.

The draft lays down the principle that investors are entitled to information on charges - thereby dismissing the life companies' argument.

So far, so good.

But the next recommendation goes on to say that this information should be available only if the investor requests it from the life company.

Throughout the development of the rules for financial services, the life companies have made maximum use of the "inertia factor". They are willing to let investors have details of commission payments, but only if they ask.

Acher and his team have spent months finding out how life companies and life salesmen operate. The knowledge obtained is put to good use in his recommendations on how life companies should present details of charges.

He has identified the obvious fact that with-profits and unit-linked are two separate businesses and need separate treatment.

On unit-linked the recommendation is that the charging structure is converted into a percentage deduction from the investment yield used to illustrate benefits.

Thus the investor would be

told, if he asked, that the charges represented say a 1 per cent deduction from the yield.

This is a simple concept for the investor to grasp and reflects the manner in which renewal, but not initial charges, are made - a deduction from the underlying fund rather than a deduction from the premium.

So being simple, why not give this information to the investor at the point of sale?

With-profits presents a rather different problem. The contributions and investment income are in one common pool, the first charge of which is the overall expenses of the life company. There is little attempt to identify expenses with particular contracts.

Acher recommends that the traditional life assurance industry calculates each year a standard expense profile based on each company's own experience.

The effect of this standard expense profile is again shown as a deduction from the pool, based on the assumed investment yield in illustrating benefits. Life companies would also be required to show, in broad band form, how their own expense experience related to this standard - such as 5-10 per cent above the standard.

Even if investors are not interested in these figures, it is certain that independent financial advisers would need to know them to follow the "best advice" requirements. So if there is going to be a demand for information why not provide it automatically?

However, the requirement proposed for with-profit business is fraught with problems and dangers. Whatever life companies say on the importance of investment - and this is echoed by Acher - intermediaries will be tempted to sell on charges.

Thus, life companies are going to ensure the expense figures are competitive and the scope for "creative accounting" is enormous - even with the guidelines that Gerry Acher states must be provided.

Nevertheless, views are invited from all interested parties - technically every purchaser of a life or pension contract - by the end of this month.

Copies of the draft: Study for the SIB on the disclosure of Life Assurance Charges and Expenses can be obtained free from Gerry Acher, Peat Marwick McLintock, 1 Puddle Dock, Blackfriars, London EC4V 3PD.

Eric Short

1	(1) Prudential	\$93,625
2	(3) Nomura	\$78,304
3	(2) Casenove	\$73,570
4	(7) Henderson	\$59,998
5	(4) Daiwa	\$59,287
6	(6) Hoare Govett	\$57,297
7	(5) Bell Lawrie	\$56,690
8	(8) Capital House	\$51,898
9	(9) Enskilda	\$48,921

Source: The WM Company

# Which company would you buy your pension from?



THE EQUITABLE NEAREST RIVAL

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FINANCE & THE FAMILY

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Peter Gartland on fiscal planning

The need to be prepared

PEOPLE who go overseas to work usually try to ensure that they are prepared culturally for their new surroundings. In addition to the many major differences arising from climate, religion and wealth variations, there is also a host of day-to-day customs which are ignored at your social peril.



William Cochrane examines another way to invest

Convertible appeal

CONVERTIBLES, the high-yield alternative to ordinary share investment, are getting a lot of play in the corporate finance, institutional and personal savings markets.



The sector virtually died in the inflation-ridden bear market of the late 1970s and when it returned in the 1980s, it was in a different climate for both capital and income taxes.

Since October's crash, Nick Conington, of stockbroker Hoare Govett, calculates that the total raised by UK companies via the convertibles route has been \$580m, compared with \$600m in the equity market proper and only \$250m for the latter if the long-planned Eurobond issue is excluded.

Before that, he notes, the total raised by convertibles on an annual basis had climbed from \$500m in 1984, through \$1.132bn and \$2.54bn in 1985 and 1986, to \$4.60bn in 1987. This year's figure is \$480m to date.

Certain investment qualities of the sub-sector had been appreciated and acted upon before Black Monday. Convertibles had been left too far behind their ordinary share counterparts.

Institutional investors saw this, or were told by analysts in the sector: brokers James Capel, Barclays de Zoete Wedd, Phillips & Drew and Hoare Govett form the accepted top of the table.

However, Conington says investors made their switches without foresight. "No one paid any attention to the fixed interest element in convertibles before the crash," he maintains.

Both Capel and Hoare Govett are on their way to producing indices of stock market performance for convertible investors.

Denomination in shares brings convertibles closer to the private investor who can gross up the dividends, declared net, at the standard rate of tax (dividing by 0.75 is the present equation).

Richard Tomblin of James Capel touched a couple of other potential disadvantages: one which is fundamental as the private investor has to pay income tax on the dividends.

While Euroconvertibles trade in a highly liquid market, he said, many of the small domestic issues can be unmarketable relative to their corresponding equity.

He also said that if dividend growth on the underlying ordinary stock is much higher than anticipated at the time of the original purchase of the convertible, an investor can be left with an income disadvantage.

Perhaps we should all be so lucky.

...and how they operate

JAMES CAPEL has been in the convertibles market for over 20 years. In a recent introduction to the market, it says that this hybrid security offers the income and defensiveness of a fixed-interest stock with the capital growth potential usually associated with ordinary shares.

pre-determined number of ordinary shares in the issuing company in some future date. There are two main families of convertibles of immediate relevance to the UK market, says Capel. The first, and largest, are the UK domestic convertibles traded on the UK Stock Exchange for normal account settlement, like ordinary shares.

Within this family are two types of instrument, differing mainly in the way in which they pay income. Convertible preference shares pay net and their coupon is expressed net. Convertible unsecured loan stocks pay gross and their coupon is expressed accordingly.

Weekend Business

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BRIDGE

Now for a slam from rubber bridge. At game all, South dealt and opened with one heart. North said two diamonds and South rebid two spades.

South dealt at game all. In room one, South bid one club. North replied one diamond and raised South's rebid of two no trumps to three.

Once again, West opened with the ace of diamonds and South took stock of the position. He saw that the contract was on ice if he could make five club tricks, but he realised that four clubs would be enough if he had time to set up a trick in hearts.

Then he saw the safe line of play. Winning with his diamond ace, he cashed the club king and then finessed dummy's 10. When this held, he led the two of hearts and won with his king.

He made the rest of his clubs, throwing the low diamond from dummy, cashed the king and queen of diamonds and led another heart from the table. East won, returning a heart, and South made 11 tricks.

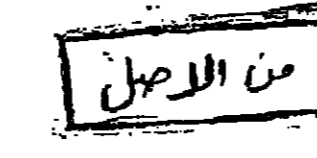
Unlucky that East had three trumps, said South. Luck did not enter into it. There was a better line of play. After winning the first trick, declarer should duck one round of clubs and North said four spades. This encouraged South to bid six hearts.

East ruffed the fourth spade and led a club. The declarer took with his ace and ruffed a club, but there was no home for his last club and the slam was lost.

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FINANCE & THE FAMILY

Contributing factors

My company is attempting to change the terms of its pension scheme, in particular by making a reduction in its contribution. It is not yet clear how employees' contributions will be affected...

The bank is clearly at fault and the customer can sue for the money lost plus interest on it. There is no question of the customer being obliged to await the outcome of any attempt to recover from the forger.

Changing a will

My wife and her sister are equal and sole beneficiaries under the will of their aged mother, who is in a nursing home and incapable of managing her affairs.

Some time ago they obtained a power of attorney and are wondering if they can use this authority to change the will, making themselves joint executors in place of the nominated bank.

A doctor's dilemma

I have been practising as a GP since 1947 and until 10 years ago owned the surgery building. Since then, ownership has been in the names of my wife and myself.

Victim of forgery

On arriving at Heathrow, an elderly overseas relative went to the airport branch of her bank to collect some money. However, she was told she had already received the bank by letter, to close her deposit account and transfer the contents to a Mr X.

when you were thinking about giving your wife an interest in the property, presumably, you could have consulted the solicitor who did the conveyancing even if (as we infer) you have no accountant to help you with the partnership tax affairs.

Held to account

I am holding a post office investment account in trust for my son and was hoping to give it to him when he is 21 (he is now 18½).

The interest on this is now \$305 (making a total amount of \$915) and I have been told that my son will have to pay a lot of tax on it. Is this true and should I hand the account over now?

Forget this good deed

I would like to make a deed of covenant in favour of my granddaughter who lives in South Africa. I am assuming she is a British subject, her parents having British passports.

I assume I can covenant up to the full personal allowance in the absence of any other income received by or on behalf of the child, but I seem to remember you mentioned the possibility that the child would have to have a UK bank account. Is that so, or am I mixing it up with something else?

Is any limit on the amount one can covenant overall. I do have quite a number of charitable covenants and again, in the back of my mind, I have a feeling that one is restricted to a certain fraction of one's income.



No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

enable you to make payments net of tax; and for the covenant to recover tax from the Inland Revenue where she has no other income, or income which is less than the personal allowance. As it is most unlikely that your granddaughter can claim such tax repayments (because she is not subject to the UK tax regime), there is little point in such a deed of covenant.

Wrong signal

My son works for an independent local radio station. It is his only employer but the nature of his work is essentially freelance. He is paid by the hour and works on different programmes at different times and hours. There is no set pattern.

He has no contract of employment or even letter of appointment. There is no overtime, extra pay for weekends, sick pay, holiday pay or pension scheme. This seems to be normal practice in the industry.

It would benefit my son if he could be treated for tax as though self-employed, especially in the matter of travelling expenses. As it is, PAYE and national insurance contributions are deducted from his earnings.

Is there any way round this situation and, if so, how can he go about achieving self-employment, which he has no, or freedom to work as he pleases, which he does not have.

CHESS

NGEL SHORT and Jon Speelman, the British Grandmasters, must play each other in the quarter-finals of the world chess championship scheduled for San Juan, Puerto Rico, in July.

The eliminations in St John, Canada, which settled the quarter-finalists and where the two Britons performed so well, were a disaster for the players who have dominated world chess for so long.

Four of their five participants were knocked out while the solitary survivor, Yusupov, got through only by defeating his inexperienced compatriot, Ehlvest.

Salov lost to Timman 2½-3½, Vaganian went out 2½-3½ to Portisch and Sokolov, a heavy favourite, was blitzed to defeat by the outsider Spraggett in the final match to finish.

Karpov, meanwhile, was aloof from the sudden-death struggles in St John. He had a bye into the quarter-finals and spent the evening time profitably by taking yet another tournament first prize, at Wijk aan Zee in Holland.

Quarter-final pairings for San Juan are Karpov (USSR) v. Spraggett (Canada); Short (England) v. Speelman (England); Yusupov (USSR) v. Hjartarson (Iceland); and Timman (Netherlands) v. Portisch (Hungary).

Aside from the Russian eclipse, the notable upset at St John was Viktor Korchnoi's elimination by the young Icelandic, Hjartarson. Now 56, Korchnoi has competed in every candidates' series since 1968 but it looks as if time finally has caught up.

Despite the Soviet reverses, they remain with two formidable grandmasters in the quarter-finals. Karpov's place in chess history is already secure but Yusupov's greatest successes may be yet to come.

The former world junior champion, now 27, should really have won the last candidates' series in 1985-87. In his final match against Sokolov he reached a winning position, two up with four to play, then blew his chances by taking too many risks.

Yusupov, a huge shaggy bear of a man, will have learnt from that experience. His match victory over Ehlvest was achieved by clinically precise play, giving his opponent few chances, whereas the games between Short and Speelman were more double-edged.

One of Yusupov's wins at St John showed why the Slav Defence, which many earlier generations considered a sound and reliable opening, is now rarely seen at top level.

Yusupov's White strategy is clear-cut: he obtains the

bishops against Black's insecure knights, then masses his pieces in support of a central breakthrough. That achieved, he advances a rook to the seventh rank and switches to a decisive attack against the opposing king. Classical strategy, accurate execution.

White: A. Yusupov (USSR); Black: J. Ehlvest (USSR). Queen's Gambit Slav Defence (first played 1988): 1 P-Q4, P-Q4; 2 N-KB3, N-KB3; 3 P-B4, P-B4; 4 N-B3, P-B3; 5 P-QB4, B-B4; 6 P-K3, P-K3; 7 B-P, B-QN5; 8 O-O, QN-Q2; 9 N-B4, Q-O.

10 B-N5; 11 P-B3, B-B4; 12 B-N3, Q-Q2; 13 P-B3, Q-Q2; 14 Q-Q3, B-B4; 15 P-Q4, N-N3; 16 B-B4, Q-Q1; 17 B-E3, P-QN5; 18 P-B2, en passant, P-P4; 19 K-E1, P-QN4.

Black is making gestures of counterplay, but White's central control remains unchallenged while the QNP later becomes a weakness.

20 Q-K2, R-E1; 21 Q-Q1, Q-RN1; 22 P-Q5, P-QP; 23 P-K5, N-K1; 24 N-QP, N-N; 25 K-N, Q-B3; 26 B-B1, Q-QB3; 27 B-Q.

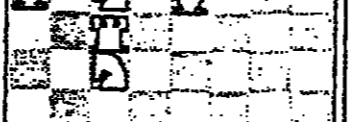
The central breakthrough accomplished, White moves on to a queen and rook invasion. Black's scattered and passive forces, with his queen reduced to a pawn, can offer only limited resistance.

27 ... B-N2; 28 Q-Q3, P-N3; 29 Q-Q5, K-R3; 30 Q-R2, B-N6; 31 P-K6.

Launching the final attack where the dormant bishop pair come into their own.

31 ... P-P; 32 R-P ch, K-R1; 33 B-Q4 ch, N-B3; 34 B-N ch, K-R2; 35 R-B5 ch, B-B1 (B-B1; 36 Q-Q4 mate); 36 R-B ch, K-R; 37 Q-Q ch and mate next move.

PROBLEM No. 710 BLACK (1 MAN)



WHITE (6 MEN)

White mates in three moves against any defence (by J. Villich). A classical problem situation where a lone king confronts a well-equipped army. As often with similar puzzles, the answer is logical but can be elusive optically.

Solution Page XVII

Leonard Barden

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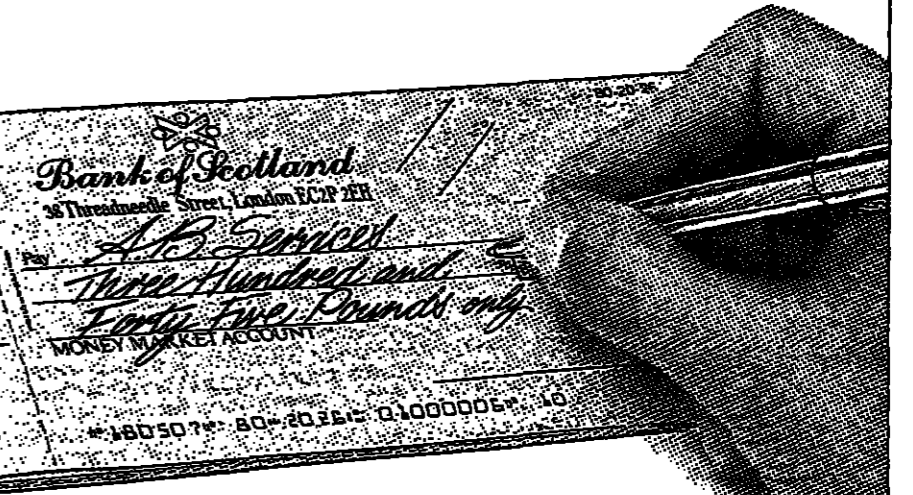
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TRAVEL

Michael Thompson-Noel tracks down wildlife holidays

Big bucks on the trail of big game

IT'S a quiet old life, being a Galapagos marine iguana...

ent, mainly because its Government is at last realising what it can earn from tourism...

At Abercrombie & Kent, Primrose Stobbs says that business is "splendid" - despite the lack of a cold UK winter...

"It has no enemies, so it sits in one place, staring into the middle distance at nothing, wanting nothing, worried about nothing, until it is hungry..."

Twickers World offers several Indian Ocean trips, including a 22-day Madagascar and Mauritius wildlife tour...

There is also a special A&K brochure on India and the Orient in which A&K introduces its concept of "fly-in" safaris...

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The first European tour operator to organise trips to the Galapagos (in 1970) was the London-based Twickers World...

In turn, Twickers acts as UK booking agent for the Society Expeditions Cruises programme which utilises the Society Explorer and World Discoverer...

The last-named (a 19-day trip) includes a day on the Barrier Reef, visits to Lamington national park in Queensland...

For instance, there is a 19-day Galapagos cruise and Amazon safari at \$1,975 per person, including several days in Ecuador's upper Amazon basin...

This programme includes special voyages for well-heeled travellers with plenty of time on their hands, including a 38-day cruise following the great Polynesian migrations...

At Voyages Jules Verne, which is privately owned, UK-based and has been operating for ten years, joint managing director Andy Cochran says that the company "tries to ally clients' fears that trips will be too hectic: they set their own pace..."



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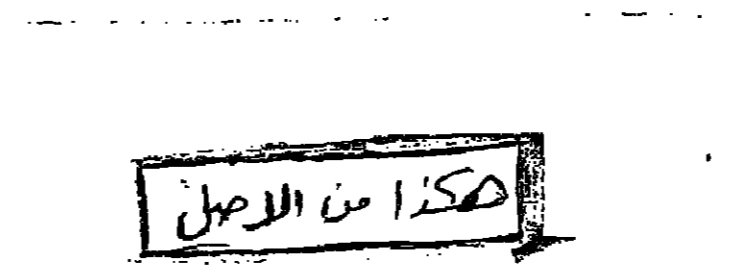
Packaged pleasures

Red Image, it is, as the travel company Horizon's representative put it, the place where people like a little more civilisation and refinement and to spend more money. It is also part of Majorca's general attempt to move its massive tourist trade slightly northward...

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PROPERTY

**John Brennan discovers that there are many misconceptions about London's yuppie haven**  
**Docklands: the facts and the fallacies**

IT IS TIME to take the yuppie out of Docklands. Like any effective cartoon image, it has helped as a shorthand way of describing the self-consciously upwardly mobile characters who account for a sizable number of the flat sales in developers' territory east of the City of London. But the simplicity of the image now serves to blur, rather than clarify, events in this quite dissimilar group of housing markets.



The accepted face of Docklands - but only 17 per cent of prospective buyers want a boat mooring nearby

It is not that the yuppies have gone - simply that they represent the most obvious of a whole series of generalisations that make a nonsense of so much of the commentary on Docklands. These include the one-market fallacy, the post-stock market crash theory, the riverside view obsession, warehouse mania and that evergreen favourite, the scratched-car phobia.

Take the one-market fallacy. No one sensibly can regard the area of Wapping, Limehouse, Poplar, the Isle of Dogs, Millwall, Cubitt Town, the Royal Docks, Beckton, the Shad Thames area south of the river, Rotherhithe and the Surrey Docks as a single residential market.

At one extreme, Wapping lies under the fast extending eastern wing of the City and, along with Limehouse, it could arguably now be regarded as part of central London residential market. At the other extreme, the Surrey Docks and Beckton might better be viewed as evolving suburbs.

In between, it is still up to the planners to decide whether the 470 acres of the Royal Docks will be a 21st century water city or an in-town version of Milton Keynes. As for the housing concentrated on the southern tip of the Isle of Dogs, that could in time become the moated residential district of the cadet version of the City now being built on and around the West India Docks.

Regarding each of these distinct districts as a unified whole is not dissimilar to taking the measure of housing activity in Earl's Court by reference to events in Belgravia and Golders Green. The post-stock market crash theory is more topical, but just as wide of the mark as the one-market fallacy. It is expressed normally as a sharp intake of breath, a wry smile, and some variant on the comment that, when the London housing market sneezes, Dockland property can presume to be carried out on a stretcher.

The reality is less dramatic. Agents active in the Dockland

markets do report a number of individual distressed sales since October. They also report that more of the speculators who paid deposits on flats in over-hyped developments have stopped looking for big - or, indeed, any - profits on the sale of their contracts. The futures' buyers have become increasingly keen to sidestep the costs of completing their purchases.

It is also the case that at least two and possibly more of the formerly high-flying residential developers, who had been hoping to refinance the costs of Dockland sites by raising cash in the equity market, have been left to curse their luck at not getting their shares away before October's investment storm.

Added together, that constitutes a number of localised crises for over-extended individuals and for the few similarly over-stretched companies. Yet, the forced sales are being matched by scavenger purchases; and the companies that now are holding sites bought at the end of a protracted game of pass the parcel - in which every move added another layer of hope value to the land price - are drawing their own following of corporate bargain-hunters.

In its recent update on Dockland developments, agent Knight Frank & Rutley made

the point that, although the total development programme of almost 35,000 homes looks daunting, it does conceal a diversified supply picture. In Wapping/Limehouse completion levels are now peaking, with only a handful of major schemes remaining. Given the area's inherent character, its proximity to central London, and its improving facilities and environment, future supply should find a steady demand.

There are, in fact, some 1,800 residential units now under construction in the Wapping and Limehouse areas, a further 1,060 on the Isle of Dogs, 1,980 in the Surrey Docks, and a Docklands' total of just over 6,100. There are outstanding planning permissions for another 6,740, and development proposals have been submitted for 11,410 more.

That makes for a sky full of tower cranes and hyper-active building sites, which gives the lie to the suggestion that development in the area might be running out of steam.

The other side of that coin, the prospect of a flood of completions entering the market at the same time, has a certain truth in it. Nearly 2,000 homes are expected to be completed in 1988 and, depending on how many of those that were pre-sold come back onto the market, prospective buyers should have more opportunity to shop

around than for some years past.

There has been no let-up in construction activity; and although it has been a relatively quiet winter for the sales staff in show houses and flats, there has been no halt to new sales and resales. To judge by the level of activity in the local designers' offices, spring 1988 should mark the start of some spectacular development marketing programmes as builders compete for buyers in markets where there will be a more even balance between supply and demand than in the past few hectic years.

The pace of development also provides part of the evidence needed to dispose of the myth that it is the universal practice of native Docklanders to respond to the sight of an incomer's car with a key scrape along the bodywork and a remodeling of the radio aerial. Even casual visitors can see at a glance that it is the builders' site traffic squeezing down narrow streets that poses a greater risk to car paintwork these days than local vandals.

A few of the more exotic generalisations about the Dockland market highlight just how many people are aware of the area's redevelopment and yet have only a vague understanding of what is actually happening there.

The idea that every home beyond Tower Bridge is a riverside warehouse conversion is a surprisingly potent one. Dominic Grace, residential director of Savills' Dockland office, says: "One of the things that does surprise people when you show them around is that there is so much new building, and that so much of it is away from the river-front."

Grace has managed to capture some of the more striking misconceptions about the area in a market research survey that asked a random selection of London commuters, applicants who contacted Savills' Wapping office, as well as new and old Dockland residents, to find out what they thought - and what they thought they knew - about the place.

The discovery that nearly one in three commuters was unsure about the exact location of Docklands will make the Development Corporation's publicists groan. But at least the "don't knows" were not misinformed so profoundly as those respondents who were under the impression that Docklands was in the south-west of the capital, in the Putney/Staines area.

Although 70 per cent of non-Docklanders thought that property in the area would be "very expensive" or "quite expensive," when asked to guess the price of a two-bedroom flat overlooking the river no less

than 45 per cent thought it would be less than £75,000, and a further 25 per cent thought between £75,000 and £100,000.

As you would be hard-put to get much change out of £120,000 for the meanest off-centre two-bedroom flat with a vaguely riverside view, Savills comments: "This shows how uninformed many people are regarding central London, not just Dockland, property prices."

The survey confirms that the perception of most Dockland buyers as yuppies has wide currency. Wealthy professionals and City businessmen topped the lists of the buyer-types envisaged by locals, applicants and commuters alike.

Savills' analysis of its own applicants suggests a wider spread of job-types, although that research basically is flawed by the fact that its office in Wapping is hardly likely to attract too many people looking for cheap family housing.

One, perhaps surprising, statistic to emerge from the survey is that a third of all newer residents work in the West End while just 14 per cent work in the City. The complaints' list for residents was topped by a lack of shops, transport problems and the shortage of parks, trees and play areas. Yet, one-fifth of all residents do not use the local shops at all and nearly half use them only occasionally. As for transport, residents and applicants both prefer to travel to work by car if possible. Eighty-eight per cent of applicants said they "definitely" would require secure parking although 33 per cent do not expect to pay extra for a parking space. Only 17 per cent of prospective buyers expressed any interest in being able to moor a boat near their home.

Grace reports that many of the people he shows around the area "are staggered at the poor quality of some of the earlier developments," and believes that, in the past, "some developers have got away with murder."

He adds that since an increasing number of people looking to buy want to move into the area immediately, and are less inclined to put down their money on the basis of a mock-up show flat and a set of ground plans, "there has to be a great deal more emphasis on quality."

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GARDENING

Jersey's Garden of Eden

GARDENERS' passions are supposed to die with them, but I have just visited one which is living beyond the grave.

Orchids, it seems, enjoy a life among tax exiles: on Jersey about 100,000 seedlings and mature plants are being maintained for Eric Young, their former owner, by the foundation which bears his name.

In warm sunlight, a soft scent of orchids spread from the greenhouse staging. I began to think I was looking back into the Garden of Eden except that, in those days, plants were natural and there could not have been the wonderful hybrids which Eric Young's breeders have helped to create.

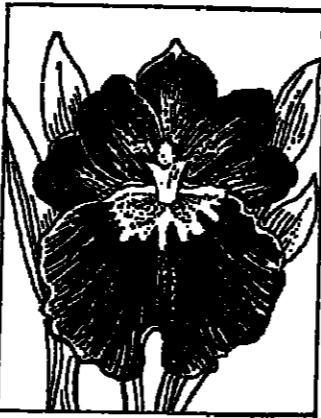
Eric Young lived for nearly 40 years on Jersey and died in 1986. He took up orchids seriously in 1958 when the famous British firm of Sanders ceased

trading and offered its stock at a lowly wholesale price. Young took the chance, changing his interest from succulents to orchids and showing the same shrewd eye for a collection which had helped him to assemble a successful chain of jewellery shops on the island.

Orchids, like jewellers, continued to join his collection. He combined a strongly competitive interest with that mixture of stringent economy and charitable generosity which typifies collectors. He would spend almost anything on an orchid or a good cause but next to nothing on a restaurant.

He had the true collector's memory, retaining all the orchids he owned and bred. His touch was more golden than green-fingered. When it came to orchid maintenance he was not much better than the rest of us, but he did find the right foil for his talents in Alan Moon who still breeds and maintains the collection after a lifetime's experience with these extraordinary plants.

For orchids, gold fingers can be as helpful as green ones. It costs up to £1,000 a week to house the Eric Young glass-houses, which would cost about \$500,000 to rebuild. Watering, shading and feeding are controlled by the latest computers. The collection was offered to public ownership with an



endowment, but the authorities in Jersey refused. In its third year, it already draws 30,000 visitors annually. The bequest

Robin Lane Fox visits the Channel Islands to see and smell Britain's finest orchid collection

is managed by Young's lawyer and a voluntary committee. Unlike gardens, collections can survive their founders, and after three years there is no doubt that Young's is confounding the doubters. Moon is continuing to breed for the 21st century and Christopher Bailes has joined him from Kew.

Last spring, the foundation won 14 gold medals at the World Orchid Conference in Tokyo, beating every other commercial or public exhibitor in the world. Its plants are not sold to the public but it releases its better varieties or revivals to the nursery trade.

A first-class Cymbidium can cost up to £1,000 for a parent plant. This is not surprising when you calculate the delay of four or five years and the sheer chance in finding the best seedlings out of half a million or more in the seed-pods of each new cross.

The foundation is not a place at which to buy, but it is a place for looking forward. What will we be buying in nurseries in the 1990s? The Miltonia, or pansy orchid, looks set for centre-staging with its long-lasting flat pansy flowers and rapid willingness to bear them.

Moon recommends that we try the forms with dark centres to their flowers, bred with Charlesworth's parentage. Miltonias like a day temperature up to 60 deg F, rainwater, and only a very light feeding at a strength about one-tenth of the dose you would give to a tomato plant.

For most orchids, the founda-

tion recommends a compost of two parts of chopped bark, one part peat and one part perlite. It is trying to grow Odontoglossums in a compost of rock wool, which looks like wadding. This allows air to reach the roots and might cure their refusal to persist with amateurs, easing cultivation greatly.

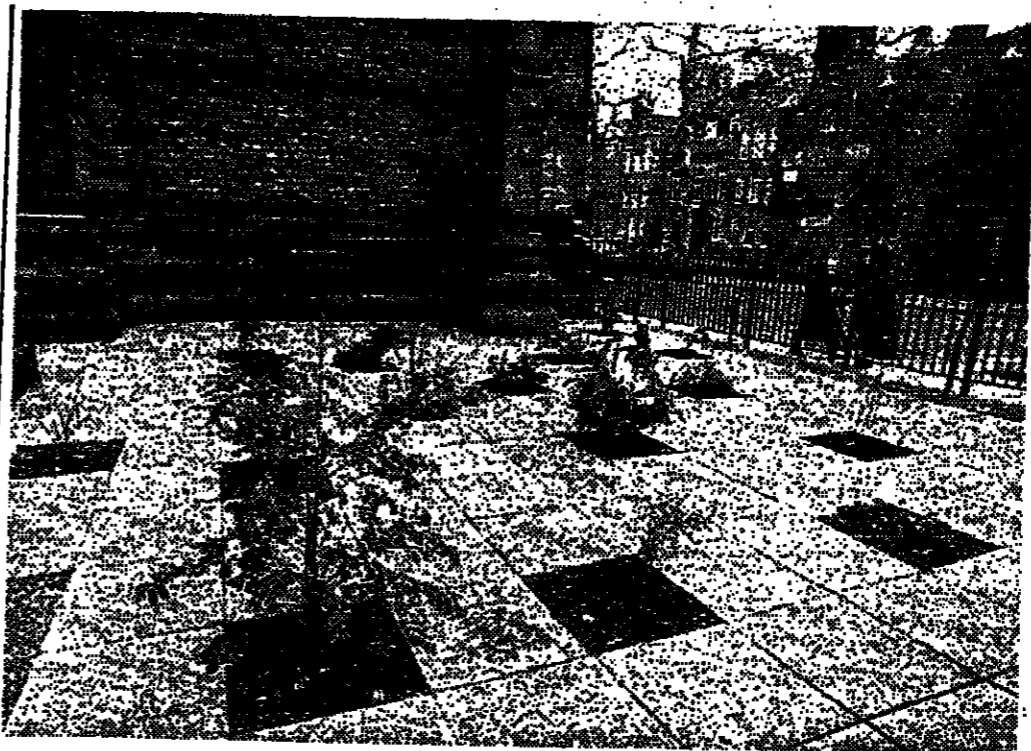
For the future we can hope for more red Cymbidiums, bred from the foundation's original colour-break, Pontac. We could be nearer a pure yellow in the Odontoglossum, the colour of which tends now to fade within days of opening on the stalk. I cannot imagine what more could be done for Ladies' Slippers, now known as paphiopedilums, because they are already as big as Ladies' Slippers. However, I suspect that we may still see some old and forgotten favourites.

This month, the forefront of the foundation is staging a superb display of the wide-spreading calanthes which were such a favourite in Victorian conservatories. Their long sprays of pink and white flowers last for weeks and appear while the plant is dormant and needs no further watering. We have forgotten this fast-growing and easy house plant, which is happy at 50 deg F in water. It deserves a rapid comeback in our new conservatory age.

Last, what about the waxy, sumptuous cymbidiums which are all the rage in Holland and Japan. I learned three helpful points. When they drop their buds in winter, they are probably suffering from too much light or a temperature which is too high; previously, I thought they were too cold and made matters worse. When on spring they show those brown spots, some way down their leaves, they are probably short of food: for years, I thought it was due to the night temperature.

Reassuringly, even the foundation finds some varieties are unwilling to flower regularly. Kinky, it recommended a top trio for amateurs: pink Ayres Rock; yellow Highland Canary; White Lady MacAlpine. Before long, we will all be able to enjoy the new intermediate cymbidiums which have been bred patiently into a third generation of seedlings and will now start to hold their smaller elegant flowers for as many weeks as the bigger hybrids.

Eric Young's orchids are going forwards, not backwards. If we are nearer to the perfect orchid by the year 2000, I am prepared to bet that these five Jersey glasshouses and their talented keepers will have done most to bring us down the path.



St Stephen with St John... a churchyard of surprises amid the pollution

tender. There were a couple of skimmis, one the male variety Rubella with fine bronze red flower buds, the other a female with large scarlet berries.

There was a berberis that could be Darwinii but looked more like Lologetis Viburnum davidii, a handsome evergreen that will not mind the shade; a deciduous viburnum which will no doubt be scented sweetly; a mock orange (also, I hope, chosen for perfume); a leucothoe (I hope they have made sure there is no lime in the soil); a true broom, which could miss the sun, and a butcher's broom which certainly will not. There were also some bergienias and a couple of ivies used as ground cover.

If they all grow well there will be some problems with overcrowding in years to come, but nothing that cannot be overcome with some fairly ruthless pruning.

The Garden Centre Association is promoting the planting of herbs in gardens and suggesting one method of accommodating them which is remarkably like that used at St Stephen with St John. The GCA plan is to pave with rectangular slabs but to leave out alternate slabs in staggered rows, just like the pattern of a chess-board.

One kind of herb is to be grown in each small square plot and, as a further diversification, more herbs in ornamental flower pots can be stood on some of the slabs.

Using this method, it would be possible to grow a dozen different herbs in a 6ft by 6ft rectangle that would be clean and easy to manage whatever the weather. The normal process of gathering herbs for use would keep the plants from straying too far and the little plot would look decorative at all seasons.

Those gardeners not interested in herbs or requiring something more colourful could fill the squares with rock plants including sun roses, alpine phlox, alyssum, the small hypericum, campanulas and ornamental thymes.

A variation on these schemes which I have seen used very successfully is to make larger squares, using either slabs or gravel for the hard surfaces, which gives sufficient space for two-tier planting - herbs, rock plants or small bedding plants at ground level, with standard or half standard roses flowering above them.

Yet another variation used effectively at Port Lympne near Hythe, Kent, now famous as a private zoo, is to fill a considerable area with a checker pattern of alternate grass plots and flower beds. But this is labour-intensive gardening which is also expensive to maintain - a far cry from the little churchyard in Rochester Row.

Arthur Hellyer

Enterprise zone

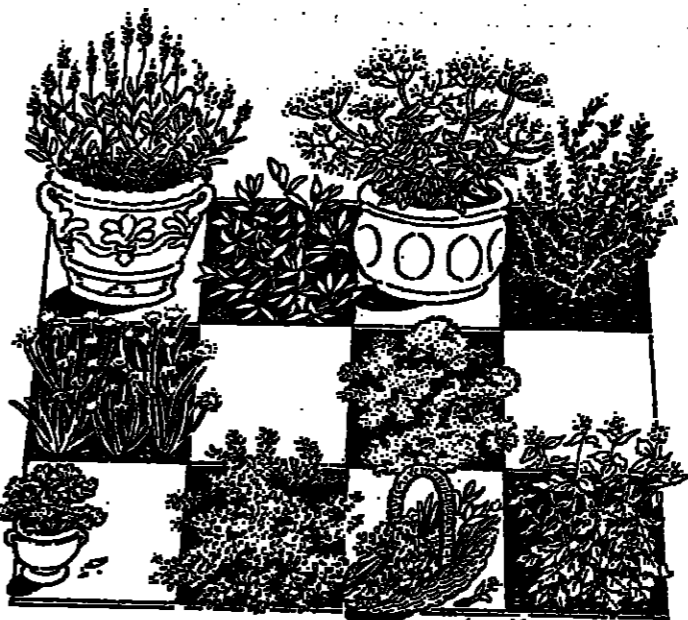
ON MY way to the Royal Horticultural Society's shows, for many years I have had to pass the tiny churchyard of St Stephen with St John on the corner of Rochester Row and Rochester Street in inner south-west London.

It is so small and so hemmed in by high buildings that it did not in the least surprise me that no one made any attempt to do anything with it, but I used to look with mild interest to see what had survived in such an unpromising place. Hollyhocks seemed to struggle along despite the lack of light and the competition of weeds, and certainly they never seemed to suffer from rust despite what presumably was a fairly polluted atmosphere.

Then, one Tuesday last year, I realised suddenly that the two little plots, one facing the Row and the other the Street, had undergone a remarkable transformation. Someone had taken them in hand and done it with a remarkable degree of imagination combined with good sense.

Both areas had been almost covered with large rectangular paving slabs laid in straight, unstaggered rows; but about one slab in four had been left an herbaceous perennial, had been planted in the exposed soil.

The result was an irregularly chequered pattern of slabs and soil which was quite pleasant in itself. But what really aston-



Anne Morrow

ished me was the enterprise shown in the choice of plants. Scarcely two were alike, all were interesting, and a few were completely unexpected in such an unpromising environment.

I noted several different varieties of camelia, bamboos, Japanese imples, mahonias (one of them almost certainly Charty), an elaeagnus that I could not identify precisely, Fatsia japonica and, most surprisingly of

all, Azara serrata. This is an attractive Chilean evergreen that I associate with Cornwall and the Channel Islands where the climate is moist and mild; I do not expect to find it in a grassy London churchyard.

There was a jasmine that looked like Meseney although that seemed unlikely in such a place since this beautiful species, with flowers twice the size of those of the common winter jasmine, is distinctly

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Asa Briggs looks at how this newspaper grew

100 years old

**THE FINANCIAL TIMES: A CENTENARY HISTORY** by David Kynaston. Viking. £25.00, 544 pages

IT IS easier to contrast the changing profiles of a newspaper at different times than it is to write its continuous history. A history must almost of necessity contain the names of too many people, many of them forgotten, it must also focus on too many headlines which have lost their topicality and now require lengthy interpretation. There are perhaps too many names in David Kynaston's thorough history of what is one of the world's most distinctive newspapers, although some of them, like Horatio Bottomley, Brendan Bracken, Andrew Shonfield and Garrett Drogheda for a variety of reasons, will never be forgotten.

Mr. Kynaston is particularly good, however, with headlines, including several which never appeared in 1933 one eight-page supplement bore the impressive title "The Renaissance of Italy: Fascism's Gift of Order and Progress". In July 1936 there was complete silence on devaluation, the result of a "self-denying ordinance" on the part of the British Press which the Financial Times accepted in the "national interest". By the end of the story, which takes in pre- and post-Warping technology, the Financial Times is genuinely international six days of the week.

Although there have been far-reaching changes in the contents, appearance and stance of the Financial Times during its 100 years of economic, social and cultural change, some of them packed into the last two decades, there have been far more continuities than in many newspapers where everything has changed except the title.

As early as 1883, the year when it became "slightly tinted" in colour, the Financial Times introduced a "Synopsis of General News" on the grounds that a "City man cannot afford to ignore political events when he attempts to gauge the markets", while even earlier Henry Markie of the forgotten News, one of the first forgotten people to figure in Mr. Kynaston's pages, was dreaming of a journal "that should treat of

financial subjects as the most thorough and the most enterprising newspapers deal with political and general topics."

There is symmetry in the pattern, for Marks had come to Britain from the United States and in 1885 the Financial Times began to be printed in New Jersey as well as on this side of the Atlantic. Moreover, in the closing months of the story the pages of the Financial Times contained more news about the City than about any other subject, as it would have done in the beginning. In 1888 Marks

would have been more interested in the second of the two recent concerns about the City that Mr. Kynaston identifies - that of "defending its reputation in the face of rapid change". Yet the most remarkable general election result was being counted. "Mergers in general", the Financial Times was to write in 1961, "are subject to too little scrutiny". Yet the most memorable comment on the 1946 merger was made not in the pages of the paper but behind the scenes by the Financial Times journalist, Paul Elving, who wrote in 1984, "it is utterly without foundation. Delmonico died a millionaire."



The merger between the Financial News and the Financial Times, mooted earlier in 1931 and 1932, took place in 1946 and was announced with few details on the morning that the remarkable general election results were being counted. "Mergers in general", the Financial Times was to write in 1961, "are subject to too little scrutiny". Yet the most memorable comment on the 1946 merger was made not in the pages of the paper but behind the scenes by the Financial Times journalist, Paul Elving, who wrote in 1984, "it is utterly without foundation. Delmonico died a millionaire."

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Bust of Brendan Bracken in Bracken House sculpted in bronze by UH Nimptsch, RA

Horatio Bottomley in his brief chairmanship of the Financial Times might have held up the banner "Without Fear and Favour", as he was to do with his journal John Bull during the First World War, but during the 1980s Mr. Kynaston discerns a "certain lingering fastidiousness, even coyness" in the paper, "best epitomised by its nervous, hesitant approach to covering the Aids phenomenon."

He has nothing but praise, however, for the increasing long-term preoccupation in advertisements as well as in features and, above all, in critical analysis with science, industry and technology as well as with finance. Economic historians will find particularly rewarding those sections of his book where he records leaders, sometimes blunt, sometimes astute, which chart "the unremitting challenge" of "permanent technological revolution", phrases not of 1964 or of 1987 but of 1957.

For many readers of the Financial Times and for many people who have written for it there will be most interest in the account of how at various

times the paper has treated the arts, including architecture and music, books and sport. Much has been written about building, some of it long before most papers touched the subject, but nothing was ever written about Bracken House which was as eloquent as what was said about it in Bracken House itself, by its architect, Albert Richardson, who wanted it to be "a City palace - not a factory for clerks", and by Bracken who no more wanted to be commemorated through the name of an expensive building than Prince Albert wanted his name to be commemorated through a Memorial.

There was no special Books page until 1970, although News 20, features editor before he became editor, had long before described an acid book review as "a superb little vinaigrette". This was only one example of his linguistic creations. If he sent someone off on a particular assignment, he might say "You must do it - it's right up your pigeon." This centenary volume has obviously been done so proud.

Past Master of Pop

**CHUCK BERRY: THE AUTOBIOGRAPHY** by David Marquand. Jonathan Cape. £18.00, 292 pages

THE PROBLEM with most pop musicians is that they take themselves seriously. They think that rock and roll can save the world and they manage to find ghost writers and even musical academics prepared to pander to their delusions in print. The most attractive quality about Chuck Berry: *The Autobiography* is that here is one of the acknowledged heroes of the business telling it straight: not a recording, not a stage performance, for which he gets a nice fat sum, preferably paid in advance.

No one is better placed to create myths. A black man playing music which mainly appeals to whites, he ran into much racial abuse when touring the south in the 1950s; he has been imprisoned three times for offences which would hardly merit a caution in a London magistrates' court; he has been ripped off by a record company. Yet he takes it all in his stride and seems to bear no malice at all, describing his 10-year jail term for hijacking a car for 15 minutes with as much equanimity as his quick realisation that by travelling alone and relying on local promoters to supply him with a backing band he was "a few lapses into polyglot gibberish" from the hazy world of sociology.

Basically the argument attacks two separate issues, not always quite clearly distinguished: modern Britain's economic record on the one hand, and on the other the dilemma facing advanced nations combating effective economic direction with genuine liberal democracy.

Despite some gaps in the economic record Professor Marquand does, I think, draw some major and valuable conclusions. One weakness here is a too ready acceptance of the fashionable but simplistic assumption that Britain has suffered an almost uninterrupted economic decline since the Little Ice Age. This is often based on quoting percentage shares of world GDP or exports, which blithely ignores the fact that a country possessing one and a half per cent of the world's population could not long boast 20 per cent of its trade. The US share of world output has fallen from 50 per cent in 1946 to 20 per cent today, as others have recovered from their post-war industrial depression. There have been other British failures of course. But it is an unbalanced picture which harps too much on the percentages and omits the fact that UK output rose from 1946 to 1970 faster than at any time before or since, and that this country still exports a higher proportion of its GDP than the US, Japan or most others.

Professor Marquand clearly recognises the outstanding success of what he calls "Keynesian social democracy" in the 25 years after 1945. But he perhaps oversimplifies what he then calls its "collapse" in the 1970s. He rightly attributes the change to a general cost inflation, and that in turn to the lack of "consent" of the governed to the measures needed to restrain it. But more questionably he implies that the remarkable success of Sweden and some other countries in so managing "Keynesian social democracy" throughout the 1970s and 1980s as to maintain full employment and control on the home front is the result of a real standard of living in the world. Is it not then consistent with the evidence to believe that the fault lay not with Keynesian social democracy but with mistakes of policy by British governments after 1970?

Antony Thorncroft

CRIME

**THE MARSHAL AND THE BIRDWOMAN** by Magdalen Nabb. Collins. £9.95, 223 pages

LATEST, AND arguably the best (so far), of Magdalen Nabb's chronicles of Florence and its dogged, sane, and lovable Carabinieri Marshal Guarnaccia of the Palazzo Pitti station.

A woman of no apparent importance, a harmless neighbourly lunatic, is brutally murdered. Through there is little official interest in solving the crime, Guarnaccia investigates and, after learning about a number of other people's problems, he successfully deals with his own.

**PERFECT GALLOWES** by Peter Dickinson. The Bodley Head. £10.95, 233 pages

IN A Peter Dickinson novel, the murder and its solution are seldom the main point. This author has a remarkable gift for creating eccentric but credible characters as well as exotic or at least unconventional settings. This time the action takes place, for the most part, in the grand country house of an ancient, dying magnate. It is wartime, and the drama of the butter ration is for the rich family almost as important as the imminent landing in France. There are flash-forwards to the present and the later life of the protagonist, an adolescent at the time of the central murder, now a famous actor. The characterization of the actor, at two crucial stages in his career, is masterly; and the marooned estate is brilliantly conveyed.

William Weaver

Douglas Jay discusses a new view of Britain's way ahead



David Marquand: ex-MP becomes professor

Go era

**THE UNPRINCIPLED SOCIETY** by David Marquand. Jonathan Cape. £18.00, 292 pages

DAVID MARQUAND is a professional historian, ex-politician and amateur economist. He directs every detail, but rather to guide, sustain and manage the main forces in the economy in accordance with a long-term strategy which not merely makes the best of existing material advantages but deliberately seeks to create new ones. His description of Japan's achievements on these lines, and to a lesser extent those of France, is illuminating and convincing. So what we all need in the modern world, on this view, is what the author here calls the "developmental state".

The enemy, therefore, for Professor Marquand is "neo-liberalism" (or in the vulgar tongue, " Thatcherism ") which has dogged Britain ever since Adam Smith's day. It suited our economy before there were any competitors but became damaging as soon as industrial rivalry grew up, accordingly has some sympathy for Joe Chamberlain, and indeed could have aided that Chamberlain might have won in 1906 if he had advanced tariffs on the grounds that the British economy did best when, from 1932 to 1972, just this was done.

Crude "market liberalism" Professor Marquand sees as undermining the social coherence without which neither Keynesian social democracy nor anything else can work; and which this country enjoyed in the war and early post-war years.

How then can we escape from an "unprincipled society", which has lost faith in earlier ethical standards and put nothing in their place? When he turns from diagnosis to prescription, Professor Marquand, like many others, is notably less persuasive. The idea that institutional change might somehow ease the economic dilemma sounds as unconvincing from him as ever. And he is perhaps unwise to poke fun at the "Westminster model" without suggesting clear improvements since the 1945. To this question Professor Marquand is not alone I fear, in having so far failed to find the answer.

Nicholas Best

William Weaver

William Weaver

William Weaver

William Weaver

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William Weaver

William Weaver

Nevertheless Professor Marquand seems to me on strong grounds in his central economic thesis, which is this. The wisest economic policy, he thinks, for the government of a modern industrial nation is neither to let market forces, nor to attempt to direct every detail, but rather to guide, sustain and manage the main forces in the economy in accordance with a long-term strategy which not merely makes the best of existing material advantages but deliberately seeks to create new ones. His description of Japan's achievements on these lines, and to a lesser extent those of France, is illuminating and convincing. So what we all need in the modern world, on this view, is what the author here calls the "developmental state".

The enemy, therefore, for Professor Marquand is "neo-liberalism" (or in the vulgar tongue, " Thatcherism ") which has dogged Britain ever since Adam Smith's day. It suited our economy before there were any competitors but became damaging as soon as industrial rivalry grew up, accordingly has some sympathy for Joe Chamberlain, and indeed could have aided that Chamberlain might have won in 1906 if he had advanced tariffs on the grounds that the British economy did best when, from 1932 to 1972, just this was done.

Crude "market liberalism" Professor Marquand sees as undermining the social coherence without which neither Keynesian social democracy nor anything else can work; and which this country enjoyed in the war and early post-war years.

How then can we escape from an "unprincipled society", which has lost faith in earlier ethical standards and put nothing in their place? When he turns from diagnosis to prescription, Professor Marquand, like many others, is notably less persuasive. The idea that institutional change might somehow ease the economic dilemma sounds as unconvincing from him as ever. And he is perhaps unwise to poke fun at the "Westminster model" without suggesting clear improvements since the 1945. To this question Professor Marquand is not alone I fear, in having so far failed to find the answer.

Nicholas Best

William Weaver

William Weaver

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William Weaver

Tribesmen with machine-guns

**AFGHANISTAN: AGONY OF A NATION** by Sandy Gall. Bodley Head. £12.95, 226 pages

**WAR IN AFGHANISTAN** by Mark Urban. Macmillan. £29.50 (£9.95 paperback) 224 pages

**THREE WOMEN OF HERAT** by Veronica Doubleday. Jonathan Cape. £12.95, 225 pages

AT A time when the Soviet Union might just be getting serious about withdrawing its troops from Afghanistan after more than eight years of armed occupation (there could be negotiations in Geneva next month), these three books should tell you all you need to know about the country.

Sandy Gall's *Afghanistan: the Agony of a Nation* is a travel/adventure book. This is Mr Gall's third expedition into Afghanistan since 1982. He has made three films, and to my knowledge he has written one other book about it. He should be suffering from diminishing returns by now. But this is a book in that it is more sharply focused and more crisply written.

Mr Gall's account lacks a certain freshness to be found in Eric Newby's classic *A Short Walk in the Hindu Kush*, which covers some of the same terrain. It is guided by the same unstated philosophy which underpins a lot of Newby's work and that of other fine travel-writers: that physical effort and not a little real danger heightens the perceptions of a journey, and refines its purpose. In this case Mr Gall had a specific goal. He wanted to film a battle launched by Ahmad Shah Masud whom he, probably rightly, regards as the only outstanding commander. The danger involved was tragically underlined by the later death, at the hands of guerrillas of one of the cameramen on the trip, Mr Andy Straykowski.

This book like other of Mr Gall's adventures has a certain Buchanese air insofar as it is laced with Gall's attitude that this is what a chap with military interests does. He is accordingly good on the camaraderie with his cameramen. As the excellent analysis in *Afghanistan* demonstrates the situation in Afghanistan is far from straightforward. There are at least seven mujahadeen guerrilla groups of various levels of military competence, with different international backers. There is no centrally coordinated command. The US supports two of the groups, Britain, France others. The groups have varying affil-

ations to Islam, and Islamic fundamentalism. They have in some cases different tribal allegiances.

Any mediator trying to get things together to negotiate a settlement let alone to help form a government, with or without communist participation, will really have his work cut out.

Mr Urban points out that Afghanistan has always been an unruly country. Because the country was not subdued by the British in the last century there was no central government, for all intents and purposes a hotch-potch of tribal and ethnic groups. There is no independent judiciary, no proper civil service, no railway system, and a pretty rag-tag army with little tradition of discipline.

The country is effectively run by a network of village elders and mullahs. The various leaders the Russians have dealt with - Nur Mohammad Taraki, Hafizullah Amin, Babrak Karmal and Dr Najib, have spoken for the masses but have not been able to reform some of these leaders have tried to impose - land reform, better conditions for women, have had scant success. There is no country, in any real sense, for the Russians to hand over.

Mr Urban's book is essentially military and makes the valid point that with no accessible major land was available, Afghanistan has become a Mecca for, every ex-SAS soldier turned cameraman and journalist-adventurer.

He shows that the Soviets although totally unprepared for this kind of war, have learned fast, and proved the mujahadeen from raising any towns of any consequence.

*The Three Women of Herat* is a fascinating and presumably very rare look at life for women within Islam. A sort of glimpse from the right side of a one-way mirror. Veronica Doubleday went with her ethno-musicologist husband on two extended visits to Herat in Northern Afghanistan in the 1970s before the war started in earnest. She managed to befriend three very different Afghan women through her musical and other interests.

The descriptions of the war and intimate relations she develops with the three are steeped from tipping over into slushy sentiment by her anthropological background. Although the book is easily and personally written it is informed by some acute observations of kinship within the extended family, marriage, and child-bearing.

Stewart Dalby

Fiction



Sashi Deshpande and Joyce Carol Oates: Indian and American views

Shy girl's old folk

**YOU MUST REMEMBER THIS** by Joyce Carol Oates. Macmillan. £10.95, 436 pages

**THE AGE OF GEBER** by Jane Smiley. Collins. £10.95, 213 pages

**THAT LONG SILENCE** by Sashi Deshpande. Virago. £11.95, 196 pages

**BLUE FRUIT** by Alan Lively. Simon & Schuster. £9.95, 138 pages

**THE BAD ANGEL** by Ernest K. Gann. Hodder & Stoughton. £10.95, 278 pages

instance, reads in its entirety like this: "If you would fill me with your life. Your warm courting blood. O then I would never die: never: for stretch, bones tree: for veins inside your flesh I am safe inside your skin looking out through your eyes and the world is harsh and vigorous all angles bright hard dazzling sun-colours". True enough of course, but the author might do better to give up her professorship in the Ivy League and perform for a less literary audience instead.

Jane Smiley, by contrast, is much more down to earth. She is from Iowa for a start, and her territory is the endless search for love and happiness in middle America. In *The Age of Grief*, she has put together five short stories and a novella, all more or less devoted to marital disharmony and the misery of human loneliness.

The notion is not on the face of it a promising one, but there is a perky quality to the writing that sweeps all before it. One of the stories here won the O. Henry Prize, and you can see why. The author's laconic wit serves her well, as does a warm delivery that can make even a tale of two dentists come alive. Deshpande, looks at much the same sort of material from an Indian viewpoint, but concludes that marriage is really only a question of two bullocks (yoked together, plodding through life without being able to do much about it one way or the other. The silence is supplied by Jaya, the narrator, who suffers a dreary childhood, weak husband, disappointing children, without ever once complaining. Only when they have to get out of Bombay in a hurry, after her husband is accused of accepting bribes, does she begin to wonder if all the suffering has been worthwhile.

The story consists mostly of a series of diffuse reminiscences, philosophical musings about Jaya's past life. It is still extremely intelligent, but diluted with too many names, too many characters not properly introduced. The author apologises for this at the beginning. If she pays more attention to technique next time, she will not have the problem in the first place.

A question of technique arises again in Adam Lively's first novel *Blue Fruit*, by far the most imaginative offering of the week. It opens in an 18th century Japanese fishing port where a Gulliver-like figure is seeking adventure on a Russian whale. Within a few pages he has been set ashore on an unknown island that turns out to be 20th century America, with distinct overtones of New Orleans.

Ernest K. Gann's *The Bad Angel* is, as the blurb says, an action-packed adventure yarn, based on a US Congressman's attempt to track down the Colombian drug trafficker who destroyed his son. The plot is workmanlike, the dialogue slick and fast-moving. The atmosphere is unbearably "macho", full of jerks and bums and "sonabitches".

Nicholas Best

YOU MUST REMEMBER THIS by Joyce Carol Oates. Macmillan. £10.95, 436 pages

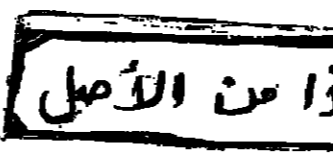
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Nicholas Best



# A splendid fall indeed

### Peter Gillman goes in search of the highest waterfall in Britain

HERE IS a good question for Trivial Pursuit: name the highest waterfall in Britain. It must be a reasonable bet that few people would know.

The answer is the fall of Eas a Chual Aluinn. It lies in the most distant corner of Britain, the far north-west of Scotland, in what used to be known as the county of Sutherland before the redolent name became absorbed in the gleaming new Highland Region.

The Gaelic name means the Splendid Waterfall of Coull; and the waterfall is a splendid 668 ft high. That is twice the height of its closest rival, the Falls of Glomach, behind the Five Sisters of Kintail, 100 miles or so to the south. Its remoteness and isolation help explain why so few people have heard of it, let alone seen it.

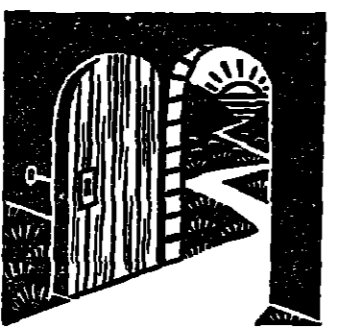
That makes it an ideal "secret place." But it has the virtue of being accessible for anyone with a pair of stout shoes and enough puff to manage a round trip of about six miles, following a good path for most of the way. There is a potent sense of exploration and discovery to be savoured, crowned by one of the most dramatic environments of any walk I know.

The path begins at the point where the road branches north from Ullapool towards Cape Wrath dips down to the Kyleiku Ferry. To the west is Quinag, one of the mysterious isolated mountains, remnants of a great range that rose here in seons past, that lie like brooding giants along the barren north-west coast.

The path strikes off to the east. I made the walk during an indolent Highland holiday when our sons, barely teenagers at that time, were beginning to enjoy the challenges and rewards of the mountains. Certainly they enjoyed the first stretch, following the soft margin of Loch na Gainnich, where our feet were cushioned in the coarse-grained sand.

The loch is fed by a burn that twists and tumbles from a col set in a ridge 700 ft or so

above. The path twists and tumbles alongside it, and, on an uncharacteristically hot Scottish afternoon, sweat beaded our foreheads as we climbed. The path levelled out just below the crest of the ridge, a juncture at a height of 1,480 ft marked also by a smaller loch ringed by sombre rock walls. We stopped to regain our breath and the boys tossed stones into the loch, relishing the gulping sound that water makes when swallowing missiles into untold depths.



Secret Places

A short way above we passed through the narrow defile that forms the col. When we emerged it was as if we had crossed a frontier into a strange new country, for we found ourselves on the edge of a broad plateau, with clusters of gleaming white rock outcrops among a patchwork of blue lochans. On the far side there seemed to be a drop, with high mountain tops beyond. Our waterfall was nowhere to be seen; at least our path was still with us; we followed it as we descended to the plateau and threaded our way among the lochans.

Then we came upon a stream wandering across the plateau. At first it pursued a gentle course, but then gathered strength, bubbling through clefts and over rock steps. This, we decided, must be the burn of Eas a Chual Aluinn. We walked along its bank but still discerned no sign of a waterfall. Then, almost unawares, we were at the plateau's edge. Without further ado the burn surged through a niche in the rock, formed a sensuous downward arc and disappeared. From somewhere below we

could hear a subdued roar. Here surely was our goal.

We wondered if our waterfall would prove to be like the Falls of Glomach, which stay stubbornly out of sight for the visitors who have toiled up from Glen Shiel. In the quest for a vantage point, we retreated for a short distance and then struck south along the lip of the plateau.

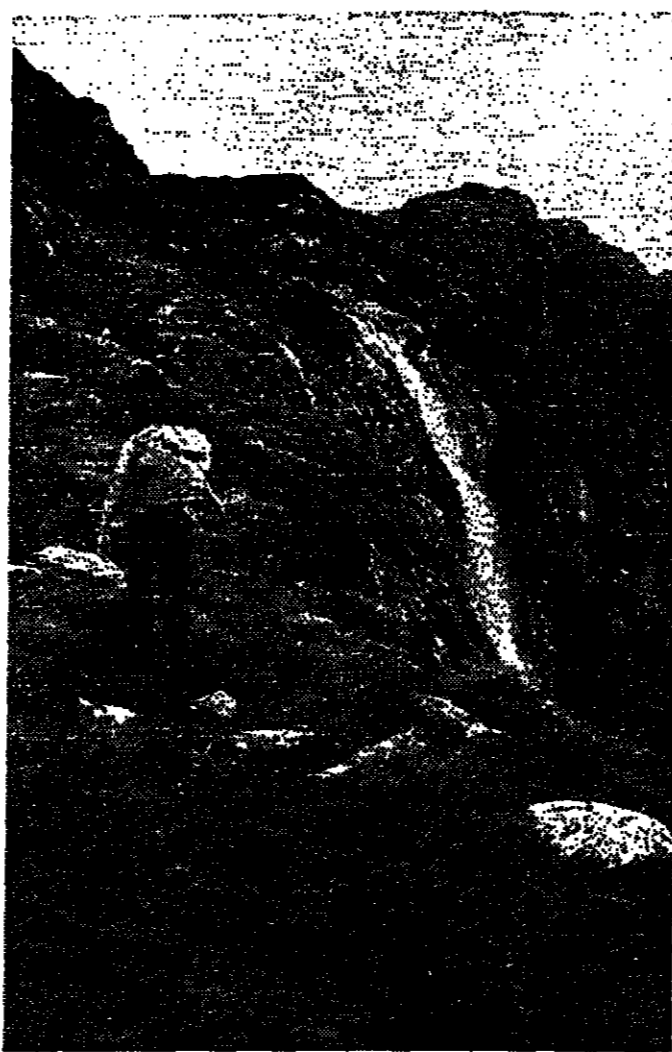
Each time we ventured to the edge we glimpsed only a sheer cliff to the rocky floor of a glen 1,000 ft below. Then we found a more inviting place to descend, and picked our way down a series of slippery grass terraces. Ahead lay a ledge that culminated in a natural pulpit of moss and rock. We climbed it, and before us at last was the splendid waterfall of Coull.

From the niche we had last seen from above, a column of water soared clear of the mountainside to fall in one single awesome arc on to a rocky font hundreds of feet beneath. There it exploded in a curtain of spray that drenched the undergrowth clinging to the cliff on one side. Then it formed a second parabola that crashed into the grey scree at the foot of the cliff, finally fanning out into a gleaming white delta that fed the river dividing the glen below.

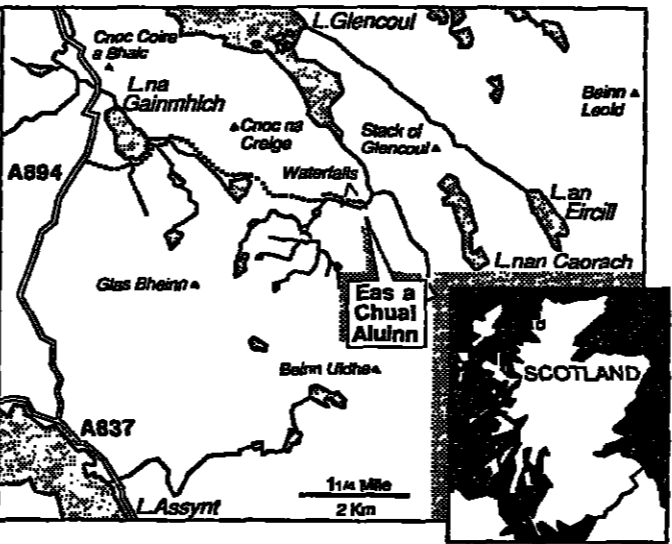
It was a magical place. We stayed there for the best part of an hour, trying to comprehend the elemental force of the water, looking up between times to the range of mountains that rose on the far side of the glen, or down to the head of Loch Coull, shimmering blue in the unworldly Scottish sun.

We made our way reluctantly back to the plateau and retraced our steps to the burn. Close to the rock where the burn disappeared we lay on the bank and cupped our hands in the water to quench our thirst. As we set off back through the outcrops and lochans, we looked back several times. The waterfall had gone, of course, becoming instead a memory to be savoured in years ahead.

It was evening by the time we reached the plateau and the shadows of Quinag moving inexorably towards us. We had seen no-one else all day, a testimony to one of Britain's truest secret places. It is a secret that you too can share.



From a great height: Eas a Chual Aluinn



## Shrine of the people

IT WAS partly the complexity of the Syrian currency regulations that gave me an extraordinary morning at the shrine of Zeinab, the granddaughter of the Prophet Mohammed, just outside Damascus.

I wanted to go to the shrine and then to the ruins of Palmyra and had changed a large sum of money at the special "encouragement rate" which gave me twice as many Syrian pounds for my sterling as the official rate. When I went to the hotel taxi office, however, I discovered that they would not accept Syrian pounds. They maintained that the new law said that every taxi company in Damascus could take only foreign currencies for journeys outside the capital. And they seemed none too keen on including in the trip the shrine of the prophet's daughter, which is an important place of pilgrimage for the Shiahs, the members of the unorthodox, mystical sect of Islam which in Syria is in a small minority.

I would not have this, I walked out into the road, where the first not too dissipated "street" taxi that went past and asked the driver to take me to the shrine and then to Palmyra. He was a bit surprised at my going to drive half way across the country, but on being offered a good sum of Syrian pounds he agreed.

Half an hour later we reached the shrine and parked on a muddy, rutted, litter-strewn patch of ground. Many drivers would have remained in their cars but my man said that we ought to go into the shrine together.

The scene inside was impressive. In an unobtrusive way the building was beautiful - brilliant and glittering, typically Shia.

The appearance of the shrine, though, was much less than the people. The building was crammed with Iraqis - many clerics and a few soldiers. About half of those inside were women.

A crowd was moving round the shrine, kissing it, reaching up and pushing money over the top of the silver frieze, holding passport photos of loved ones above the frieze so that they could see the tomb, and rubbing the feet with bits of cloth, which were presumably to be made into garments.

On the crowded floor people were praying and reading from the Koran or from small books of texts. Some were weeping and chanting and a few, perhaps, were trying to listen to a sermon in Persian that was being broadcast outside. Children were fighting and crying, babies were being fed, and some were sitting and chatting.

As we walked through the crowded, gasping and crying, I was completely ignored. The experience was a most unusual one for anyone travelling in the Middle East nowadays. Twenty years ago I used to go into mosques as a matter of course, thinking of them as interesting or beautiful buildings, but since the resurgence of fundamentalist Islam in the last decade I have become much more circumspect.

I think the reason that things are different in Syria is that the country has a firm secular socialist government. Syrians traditionally have been secular in their outlook and their Government has had Christians as senior ministers. The president and the ruling clique at the top of the army are Alawites. One could say they encouraged secular thinking in 1982, when they killed some 10,000 to 20,000 Muslim fundamentalists who had staged an uprising in the town of Hama.

I was amazed that nobody I met seemed horrified by the memory of the massacre; indeed it was hardly mentioned. Partly this may be because Arabs have become inured to violence, partly because the Muslim Brotherhood's terrorist campaign before the massacre had claimed hundreds of lives in Damascus and Aleppo.

I am not a great admirer of the Syrian regime and I do not approve of massacres; but ironically the bloodshed at Hama seems to have helped preserve Syria from religious tensions. Religious life and secular life have something like the positions we give them in the Western world: they proceed independently of each other - and to find this anywhere in the Middle East today is refreshing.

Stuart Marshall

## Nicky Smith reads up on novel romance for Valentine's Day

# The right path to true love

"NICOLA sank into her passion-fruit and coconut-bath with a sigh and wondered why Stephen still hadn't called..." (sounds of tearing paper accompanied by anguished cries. Start again.) "Nicola took Stephen's letter from her pocket and opened it once more. It was so crumpled and tear-stained she could not read it." (End of plot, end of story. Oh dear.)

They look so easy, those slim 50,000-word volumes, torrid couples embracing on the paperback cover crowned by the familiar rose of romance. Take one magnetic man, one responsive woman, blend with an exciting location, add a couple of fights, garnish with a happy ending and there you are. Probably top of the rejection list.

Mills and Boon get more than 4,000 unsolicited manuscripts a year, of which about 12 make it into print (it actually publishes about 840 titles a year). It has 200 regular authors (some of whom are now millionaires) and is looking constantly for more. "This is how it works," says a cassette guide to writing romantic fiction.

And Then He Kissed Her... lasts for 40 minutes and explains in detail how to write a romantic novel. It is a good story itself and the quiet, classless female voice has the same soothing effect as a relaxation tape - you tend to drop off before the end. Four vital ingredients are gently plucked from the consciousness like silver raindrops tumbling from an evergreen leaf - characterisation, dialogue, plot and background.

"But it's no good without sincerity," says Frances Whitehead, the editorial director of Mills and Boon, who wrote the tape with her two senior editors. "You must have an idea that you are burning to put down on paper. Writing romance to make money is not enough incentive." There's no denying, though, that there is money in romance. Harlequin Enterprises, part of a Canadian newspaper empire, reached a deal with Mills and Boon since 1972, the biggest publisher of romantic fiction in the world. It sells more than 220m books a

year and last year had a pre-tax profit of C\$62m. Mills and Boon accounts for around 80 per cent of that.

Most authors are women, although a few males operate under female pseudonyms. Whitehead thinks it is tougher for men because the books have to be written on the third person and from the heroine's point of view. "It's hard for a man to put himself inside a female head," she says. Quite.

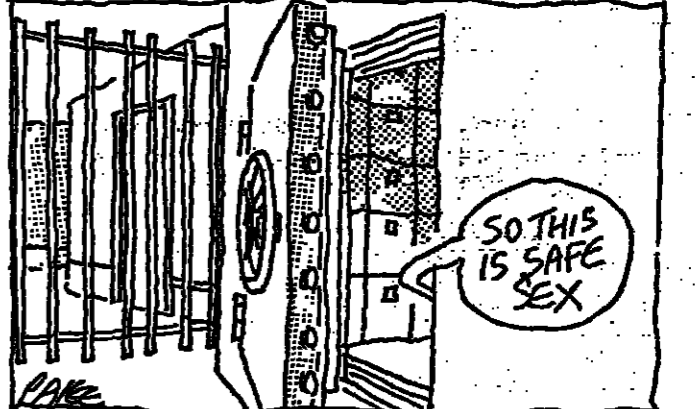
Authors come in all ages. One died recently, still in harness at 86 after 60 glorious years with Mills and Boon. The books are read mostly by the 18-25 and 35-55 age groups and they go on forever, perpetuated by a brisk second-hand trade. "It's our major competition" says executive Robert Williams. "We see as many second-hand books as new - every Mills and Boon gets read at least seven times."

Asked if he reads them himself, he confesses "I cannot claim I do - I'm more into rugby." Even so, he is defensive over what he calls the "major factor" and adds: "There's a very thin line between getting it right and making it look ridiculous. It has to come from the heart, not the head."

For all that, every encouragement is given to budding writers. Every manuscript is read and answered. Favourite authors are cherished and nurtured. The policy is to be "helpful and kind" to all, even those who do not make the grade. There is an atmosphere of gentle, pleasant politeness which is missing generally in the cut-throat world of megabuck authors, money-spinning titles and Danes.

So here goes again. Quick return through the checklist: plot, believable characters, everyday dialogue, accurate background. Now, once more with feeling: Love on Threadneedle Street, by Nikita Brow Jones, Stephen reached across his VDU screen and brushed the tear from her cheek. "Darling, I love you," he murmured. "I always have..."

Nicola sighed in ecstasy. At last romance had reached the recession in her heart. The dark days of depression were over. True love was undoubtedly the greatest investment ever made.



## Soft hearts, hard realities

Jonathan Sale finds that safe sex is a boon for dating agencies

THE VALENTINE season is one long rush-hour for Mary Balfour. Running a dating agency, she finds that, at a time of heterosexual shortage, those who are unattached and single are in demand. But how are the bureaux coping with the big question no-one likes to pop? Today we are more likely to be assailed by AIDS warnings than Cupid's arrows. Are the single, single-minded enough to risk their lives for their love lives?

Mary Balfour's Drawing Down the Moon calls itself "the alternative dating agency for thinking people." Like Mozart? Woody Allen? Rioja Alta? Need intelligent company to share it with? That is where Drawing Down the Moon comes in, based on a magic spell in a Greek myth comes in. "Poets, writers, an inventor, computer experts, creative people and academics" are on Mary Balfour's books. (male) deep-sea diver has surfaced, looking for a mermaid. But is this a good time to think of romance?

"Everybody is more concerned about their choice of partner. As far as this trade is concerned, people are saying they do want to settle down, preferably with a partner for life, and not be promiscuous. If people are going to get into a full-time relationship, they want to do it sooner rather than later. 'Business,' she concluded, 'is booming.'"

The AIDS issue seeps through in a big way to the clients of Affinities, the dating agency which offers "the caring way to help single professional people meet partners" with money-back guarantee. "Single, professional people are clearly not immune," declared Linda Lee, "always ask people if they have any reason to think they may have been exposed to the AIDS virus. They are quite shocked but also reassured. They sign a

declaration afterwards about the truth of what they have said. Should anybody hesitate in answering, I think I might have to refuse them. I haven't had anybody coming purely for a fling. They are after a long-term relationship, or a lifelong partner."

"My people are not looking for a quick fling," says Anne Brent of Old Friends, the introduction agency for the over-forties. She has a voice like a maiden aunt but her language is not exactly maidenly. "I'm quite sure that AIDS has had an enormous influence." But people, being divorced or widowed, can cope with safe sex. "Many people in their forties and fifties are probably looking for the big relationship. In their sixties, they are looking for love, but pleasant to go around with. The oldest man I ever had was 76 and I found her a 74-year-old man, who also died. My problem is getting enough good men. The calibre of the women is higher, they tend to be highly educated, successful, very often career-orientated."

There is no hanky-panky on the part of Mr Kiran's clients. Based in Southall, the Kiran marriage agency handles the lovers of "all ages, castes, religions and nationalities," but on the whole Mr Kiran is an "Asian specialist."

"Our girls are more cautious and don't give themselves away. They don't go out with the man straight away, until there is trust. First of all, the families will be involved. Sometimes they don't even allow the girl to go out with the man before the marriage. It depends how 'open' or narrow-minded they are." But the Kiran Marriage Bureau is not for the ultra-traditional, nor the totally westernised. "We are middle-of-the-road. It is very, very complicated. We are not a magic wand."

I had another question for Mary Balfour. Who, I wanted to know, is Boris Alt? An opera singer? No, explained Mary Balfour, "It's a Spanish wine - rich, warm, with a lot of body." Sounds like an ideal client.

Michael Field

# A case of quality, not quantity

OUTSIDE Germany, the wines of Franconia - which in Britain are often wrongly called Stein wine, after the area's most celebrated vineyard - are surprisingly little known, although their traditional, bottle- and bocksbeutel, is familiar worldwide thanks to its adoption by a Portuguese rose. Within Germany, the bocksbeutel's use outside its home region is banned, except for a small area in north Baden.

The main reason why these distinctive wines are found so little outside Germany is because the quantity produced is very small. There are only 5,000 ha of vineyards in the long, straggling wine district, which begins in the west near Aschaffenburg, follows the Main river up to Würzburg, and spreads out towards the Steigerwald in the direction of Nürnberg. The average yield per ha is 80-90 hl, small for Germany, although it can vary widely. The average crop is only 450,000 hl, compared with more than 2m hl each in the Rheinhessen and the Moselle. Moreover, 60 per cent is consumed within Bavaria and a further 35 per cent elsewhere in Germany, which does not leave much for the rest of the world.

Apart from favoured vineyards such as the Stein and

Leiste in Würzburg itself, a large proportion of the wines are produced in south-facing valleys, descending sharply in the eastern part from severe, downland-like country where their traditional, bottle- and bocksbeutel, is familiar worldwide thanks to its adoption by a Portuguese rose. Within Germany, the bocksbeutel's use outside its home region is banned, except for a small area in north Baden.

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Wine

ously, this is a crossing of the red Trollinger and the Bietling, yet producing a white wine.

Everywhere in Germany the finest wines are made from the Riesling - except Franconia where, unfortunately, it does not prosper as it is late ripener in ungenerous climates. So it represents only 2 to 3 per cent of vines planted, although the important State Domain of Würzburg has 12 per cent Riesling and plans to increase this to 15 per cent. But when it does succeed, the result is delicious.

In local cellars I sampled a dry Stein Riesling Spätlese '85 and a Rindersackerer Pfälzer Spätlese '83. Both had flowery bouquets and some elegance. I have just drunk at home an Eschenfelder Lump Riesling Auslese '76 that was light golden in colour with a wonderfully developed Riesling aroma and a luscious, well-balanced flavour.

Franconia wines are generally drier than the normal run of traditionally fermented German wines that retain at least some residual sweetness. Thus, they fall in with the demand for

trocken (dry) wines that has swept Germany in the past few years. Franconia has a special trocken category of its own, with no more than four grammes of sugar a litre compared with nine grammes nationally. A third of the wines are dry, the highest proportion of all the leading regions. Franconia wines are also often stronger than the others: 10.5 to 11.5 degrees against eight to 10.

They are dominated largely by three important institutions in Würzburg, with their headquarters scarcely a bocksbeutel's throw from one another. The oldest is the Burgerspital, a hospice similar to the one in Besane and founded in the 14th century. It owns about 100 ha of vineyard. The Juliuspital, a 17th-century foundation that is the city's chief hospital, has 160 ha and the State Domain, descended from the properties of the prince-bishops and situated in their former palace, is the largest with 175 ha. While the State Domain's vineyards are scattered in 19 villages throughout the region, the two other institutions are confined more to Würzburg and its neighbourhood.

The other big wine organisation is the union of 18 co-operatives, the Gebets Winzergesellschaft Franken (GWG), dating only from 1959 and placed in a very modern installation at Repperndorf to the east of the city. In cellars dug deep in the open, undulating countryside, there is capacity for 50m litres, drawn from the 1,500 ha owned collectively by the 2,850 members. Sixty per cent of the production is Müller-Thurgau, 24 per cent Silvaner and only 16 per cent Riesling, although the '76

mentioned above came from there. It lacks the prestige of the three Würzburg bodies, and sells 50 per cent of its output to supermarkets, it is nevertheless equipped very efficiently and run ably.

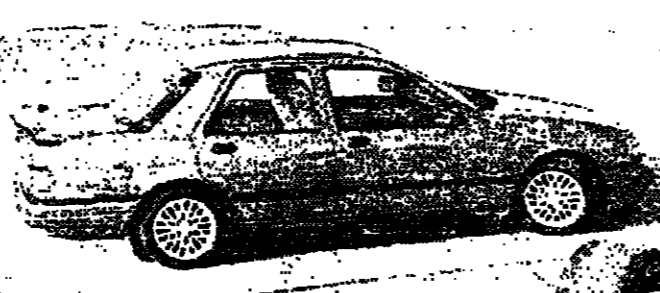
An estate that produces very "classical" dry wines is Castel on the slopes of the Steigerwald. It prides itself on the "naturalness" of its wines and, before the German wine law of 1971, its naturwein really was unsung. Its westside is in a former stable. In fact, the wine-stuben of Würzburg are celebrated. There are about 20 of them, headed by Stachel which dates back to the Middle Ages and requires booking. The Juliuspital has a very agreeable one, in which its wines can be accompanied by food. All the institutions and the GWG sell direct to the public.

In Britain, O. W. Loeb (64 Southward Bridge Road, London SE1) is the agent for the Juliuspital and lists an '84 Würzburg Stein Silvaner Kabinett (£7.74); an '85 Iphofer Julius-Schterberg Silvaner Spätlese (£10.17); and a great rare '84 Würzburg Stein Riesling Trockenbeerenauslese (£49.46).

The '84 is also listed by Gerald Harris of Aston Clinton, Buckinghamshire, while Christopher Piper Wines of Ottery St Mary, Devon, has the '84 and the '85. The State Domain, which exports a mere 1 per cent of its production, told me it had a hope to get one in the UK and I hope it gets one as I found its wines particularly good. The best vintages are '71, '76, '79, '81, '83, '85 and '86.

Edmund Penning-Rowell

## Motoring



Despite its name, Ford's fastest car, the four-door Sierra RS Cosworth, is based on the Sapphire saloon

## Stretched limits

ing or if they had a car that looked in poor shape, 80 mph motorway drivers in his county were unlikely to be stopped. In his view, the risk of making them pull over to the hard shoulder for a ticking off outweighed the likely benefits. But 90 mph (145 kmh) was a different matter. That would lead to prosecution.

All of which seems very sensible and may provide a crumb of comfort to the 1,000 British motorists whom Ford expects to buy or persuade their employers to buy its latest Sierra variant this year. The £19,000 RS Cosworth has so much muscle it outperforms cars like the BMW M535i and Mercedes 190 2.3 16 which cost

a great deal more. Its claimed 160 mph (241 kmh) maximum is unusable and irrelevant. But I found its tremendous acceleration, powerful anti-lock brakes and great reserves of roadholding made even legally brisk motoring very satisfying as well as safe. Around town it was as flexible as a M535i, pulling fifth uncomplainingly at just under 30 mph (48 kmh).

On wet roads, a limited slip, viscous coupling differential curbed wheelspin nicely. The Sierra RS Cosworth may go like a BMW, but it does not always feel like one. A turbocharged 4-cylinder engine cannot be expected to rival an in-line six for smoothness. The car I drove had a notchy gearshift and made quite harsh noises when accelerating.

The interior is nicely done and equipment includes power windows; high security, centrally operated door locks; and an electrically heated windshield.

The rear screen heater element also serves as vandal (and car wash) proof radio aerial.

Stuart Marshall

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• DIVERSIONS •

Everyone needs a specialist sometimes - but where are they?

# That expert touch

THERE comes a time in the life of almost every house when some special help is needed; when the standard colours or fabrics or carpets or furniture just somehow don't seem quite right. That is when you need to call in the experts, the people with the specialist skills, the out-of-the-way services, the little-known artefacts. Here, then, is a rundown of just some of the people, ideas, services and schemes worth knowing about.

## SPECIAL FABRICS



The Design Archives, 79 Walton Street, London SW3. Archive design, from fabrics to wallpapers, has been all the rage for some time now, with scarcely an ancient design or note left unplundered. The Design Archives, however, are different. Here, director Christopher Gwiltner, has tried not just to plunder but to be as "deferential" to the originals as modern times and technology allow. He has based the collection on some of the best and most beautiful of the designs stacked away in the vast and historically important collection of old designs and patterns owned by Courtauld.

Where necessary, colour and scale have been changed but he has worked long and hard to try and retain the intensity of colour and the refinement of engraving that so distinguished the originals. Interestingly, for those who think that all technical progress is necessarily a backward step, it is the development of computer engraving that has enabled him to recapture something of the delicacy of the old engravings.

For the first collection, launched last autumn, there are some 20 different designs, in several different colourways. There are some wonderfully rich and deep tones, some exquisitely delicate tints but for me, the star of the col-

lection is the Toile de Jouy - simple, classic and eminently desirable. The Design Archives sells only to interior decorators but there is nothing to stop you going to look at the collection at Walton Street and then ordering fabric through Nina Campbell, Colefax & Fowler, Charles Hammond or any other major interior decorator. Prices range from £17 a metre for the Toile de Jouy and go on up to £40. G.P. & J.Baker, 18 Berners Street, London W1.

Many of its fabrics are based on designs in its own archives - lots of Eastern influence here - and it has its own range of English toiles. Newest of all, however, is a collection of furnishing fabrics all based on original designs gathered from National Trust properties, all obviously very English country house in style and all at prices that are, for this sort of "grand design", reasonably priced (from £19 - £19.50 a metre).

Gallery of Antique Costume and Textiles, 2 Church Street, NW8.

This is the place where you hunt for curtains that are fashionably old, faded and second-hand. The shop is like an Aladdin's cave - filled with rare silks and velvets, damasks and brocades. There are all the fashionably old accoutrements as well - pelmets, tassels, tie-backs, braiding, bell-pulls.

Shirley Liger Designs, 27 Narbonne Avenue, London SW4.

Besides a permanent collection of its own fabrics and wallpapers, Shirley Liger will print the designs, to order, in any colourway at all. Customers may choose from raw and dupion silk, moire, linen, voile, chintz and polycotton (for bedlinen). Prices for the fabrics are £14.50 a metre and there is no extra charge for the special colourways.

Osborne & Little, 304 King's Road, London SW3.

A recent fabric collection all based on motifs and design elements taken from Chinese and Japanese pottery is well worth looking at. Look out particularly for Fishing Scene (I liked it best in that real china blue on white) which has much of the charm of Toile de Jouy. From £16.57 a metre. Sakersen, 52 Berners Street, London W1.

Some sumptuous fabrics based on original William Morris designs - look out particularly for the collection called Morris & Co, all based on the work of Arts & Crafts movement designers. Coming out soon is another splendidly rich and grand William Morris design - Kilmiscot Vine - all about £11.50 a metre. Geo-Zed, 91 Pimlico Road, London SW1.

Currently has in the window the curtains I most desire - gloriously sombre, rich and full of old-world grandeur. Always a good source, mainly 18th and 19th century. Silk damask is Christopher Hodson's favourite fabric (now that Geoffrey Bennison is sadly dead, Christopher Hodson runs the business). Prices run at about £1,000 a pair.

**TROMPE L'OEIL**  
Gibbs & Dodd, 66 Ledbury Road, London W11.

A wonderfully witty idea, evolved by two young men - Jerome Dodd and Nicholas Gibbs - stick-on, do-it-yourself ready-cut-out Trompe l'oeil. The range so far consists of balusters (which I've seen stuck on a staircase looking exceedingly effective), columns, Corinthian and Ionic capitals, an alcove (would look amazing on a dark basement wall) and a door and base to make up a continuous range of balustrading. You can stick it all up yourself, just using wallpaper adhesive. Balustrading (including top rail etc) in packs of 12 cost about £40. In really grand houses, the columns would add to the grandeur. Column plus capital is also about £40. Buy them direct from Gibbs & Dodd or from the Chelsea Gardener, Sydney Street, London SW1.

Ornaments, 23 South Terrace, London SW7 2B.

More cut-out ready-to-use hand-printed Trompe l'oeil - you just stick them on yourself (with wallpaper adhesive or border paste) wherever you think them. It all belongs to the rather grand school of decorating which is currently so in vogue. Ornaments has three basic ranges - Pelham which is meant to be hung like a border and looks like swags of material caught up in rosettes - a set could be used to make a bed-head, to surround a picture, to follow the line of a staircase. Beauport looks like twists of rope held by heavy knots or intricate rosettes. There are lots of lovely tassels in different sizes. Finally, Lyssander (some of which is sketched here) which can be used as a border or frieze to create a classical room. These are lots of choices. You can buy as little as one large cut-out bow for £12.50 or a bigish set to put over a rather grand fireplace for about £50. Decorators like Colefax & Fowler and Charles Hammond sell them but you could write directly to Ornaments for stockists and for leaflets on the range.

**DOORKNOBS**  
Top Knobs, 1 Anchor building, 5 Battle road, Heathfield Industrial Estate, Bovey Tracey, Devon TQ12 8RY.

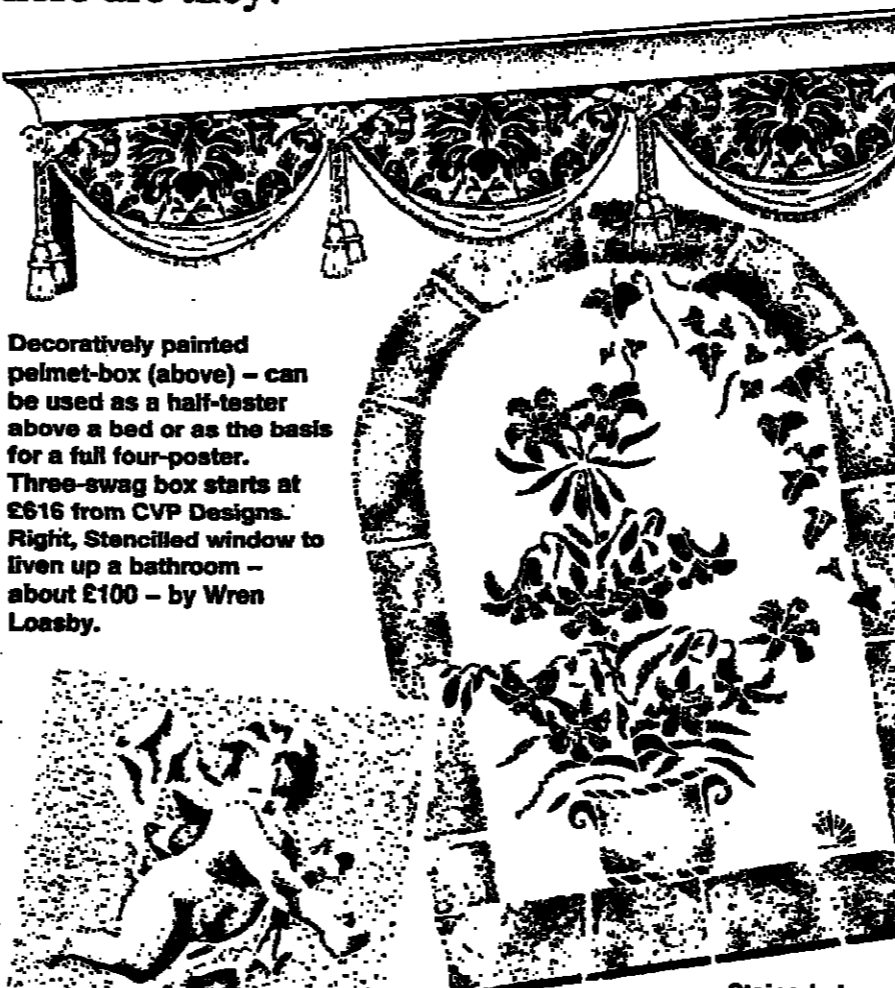
Knobs can make or mar a door or a piece of furniture. Top Knobs not only has a splendid selection of knobs of almost every conceivable variety, they will also paint or decorate knobs to order. Until recently they have mainly supplied the trade but from now on they will be happy to deal with the public directly. You can buy plain wooden knobs, beautiful crackle-glass ones (which look particularly good with old pine), pearlised knobs in plain colours and then there are china bed balls and spindles, china loo and curtain pulls as well as end balls for curtain rails. Write to Top Knobs for their full-colour brochure.

**CARPETS**  
Afa Carpets, 60 Baker Street, London W1M 1DJ.

If you want a carpet made to order, any colour, any design, possibly with an integral border, then Afa will do it for you. They can do both machine woven (usually 8 weeks) or hand-knotted (usually 12 weeks). Costs obviously vary greatly but for an average size room (12 ft by 15 ft) the cost of a specially designed and made pure wool carpet would be about £2,500.

**STAINED GLASS**  
Maria McClafferty, 11 Hillside Road, London SW2. (Tel 01-871-6782).

Stained glass has a remarkable ability to transform the dreariest of rooms into something special. Maria McClafferty is a stained glass artist of some repute (she won the competition to design a new rose window for the Alexandra Palace). She uses only best quality handmade English glass and is adept at designing a window that is appropriate for its setting. Commissions take about 10 weeks depending upon how much she has on hand and a



Decoratively painted pelmet-box (above) - can be used as a half-tester above a bed or as the basis for a full four-poster. Three-swag box starts at £616 from CVP Designs. Right, Stencilled window to liven up a bathroom - about £100 - by Wren Loasby.



Classical stencils (left) - here an authentically cherubic cherub - from Paintability.



Stained glass window (above) by Maria McClafferty.

**FOUR-POSTERS**  
Beaudesert, 8 Symons Street, London SW3 and 2 Market Place, Woodstock, Oxfordshire.

Grand and sumptuous four-posters are what Beaudesert is best known for, though it offers the full range of interior design and decorating services from finding antique furniture to putting together a personal decorative scheme. The four-posters are reproductions of 18th and 19th century originals, hand-carved by craftsmen in Northumberland. They are then dressed in linen and draped in flowing chintzes or Toile de Jouy. A fully dressed bed costs about £4,500.

**STENCILS**  
Wren Loasby Stencil Designs, Brennels Mead, Highweek Village, Newton Abbot, South Devon, TQ12 1QQ. (tel. 0626-63096).

The received impression is that stencilling is so easy that any housewife with time on her hands could transform a house in a couple of hours, in between knocking up a dinner party for ten and collecting a carful of



Stencilled window to liven up a bathroom - about £100 - by Wren Loasby.



Above; Cut-out bows from Ornaments

Blue and white Fishing Scene (below) from Osborne & Little's The China Collection, £16.57 a metre.



**ACCESSORIES**  
CVP DESIGNS, 27 Bruton Place, London W1X 8 HA.

CVP has a group of specialist craftsmen who make a whole range of the sort of decorative and useful items that it is almost impossible to track down in the antique shops or department stores. For instance, cornice boxes - like the one sketched here - are very popular. They come looking suitably antiqued and can be bought singly or in multiples which can be grouped together. Also a useful source of library tables and whatnots, mirrors and hall tables.



Sumptuously dressed four-poster by Beaudesert.

"DON'T TELL me you can do without butter," I wail, Canute-like in the face of a gurgling tide of popular opinion. "Oh yes we can and do," seems increasingly the message of the statistics I have had from the Butter Information Council, which seems to have been set up to chronicle quixotically the

decline of every Englishman's birthright. When the Duke of Wellington returned from his various arduous turns of duty as command-

er-in-chief in the Peninsula or ambassador in Paris, he used, on arriving at Dover, to send straight away for buttered toast.

Butter consumption in Britain has halved in the past decade. The days are gone when eating margarine was a sign of poverty and deprivation. I suppose our desire to live for ever is to blame: the European butter mountain is evidence as much of falling consumption as of subsidised over-production.

To be honest, I suppose I never eat just bread and butter nowadays. Perhaps adults never did. But I use quite large quantities in the kitchen where nothing else will do. Invariably, I buy unsalted butter. This is probably not to the English taste where sweet butter means non-lactic butter.

The difference between non-lactic and lactic butter is the same as the difference between double cream and *crème fraîche*. Lactic butter is made from cream that has been allowed to ripen and ferment a little. So, it develops more flavour.

Sometimes it is salted, sometimes not. But as far as ordinary shopping is concerned, the unsalted butter you buy is likely to be lactic. Most probably it will be leppak which is Danish. Danish lactic butter has a long history in the UK and is still very popular in those parts of England bordering the east coast where Vikings have always landed.

You might get unsalted butter from Holland (Wageningen) or from France. A surprise to those who see the EC as a machine to make us all eat France's dairy surplus is that French butter holds a really minute share of the British market, much tinier than our other EC partners Holland, Denmark and Ireland.

If you really are an aficionado of good butter, savouring

it on fingers of fresh bread on its own, then avoid what generally passes as the top stuff in today's delicatessen: the long logs of Charente butter, usually from the Deux Sevres rather than the Charente itself and often called Buerre d'Eclair.

It has, with a lot of marketing effort, established itself as the best butter in France, snatching the crown from Isigny in Normandy. But, of course, the French hardly use butter for eating, except with radishes and shrimps and (oddly) *salami*. So, if it's eating butter you're after, then, as with cheese, you might try seeking out the farmhouse product.

Farmhouse butter is made on a farm rather than in a factory. Unlike cheese, it doesn't live happily with long journeys and so the enjoyment of farmhouse butter is easier if you live in Devon, Hereford or Shropshire but not so much down in the south-east. It is generally salted, but not always.

Like any other fresh dairy



product it is better in the summer, when the cows have been feeding on clover, than in the winter when they shiver in the shed, munching on silage. It gets yellower in the summer, too. Honestly, the best thing to do is to buy it at the farm gate.

Off you go, butter-lovers.

Peter Fort

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· DIVERSIONS ·

St. John the Divine cathedral, an imposing sight in the ghetto of Harlem, has been a long time in the building. James Buchan reviews progress

GOOD IS eternal but neighbourhoods change. From the half-built towers of the cathedral church of St. John the Divine in New York, you can see all Harlem and ponder the acts of God and time.

The last great work of Anglican piety on earth looks out not at an English town or a stuffy Episcopal suburb but a neighbourhood of burned-out buildings, rotting automobiles and matted-up lives.

St. John the Divine has been a long time in the building. Since Bishop Henry Codman Potter struck the foundation stone on Morning-side Heights 95 years ago, there have been two Wall Street crashes, five financial panics and two world wars.

Harlem has grown from a woody suburb to a jazz-age black Mecca, collapsed in a welter of poverty, rioting and violence and begun shakily to rise again.

Trolope would have relished the ecclesiastical scandal which has haunted St. John's since Bishop John Henry Hobart first dreamed of a cathedral in 1828. But there were never urban rehab projects at Bar-chester, no Ivan Boesky tending the homeless in the crypt, no altar to the dead of Aids, no Puerto Rican stonemasons, no camels being blessed, no Donald Trump nor any of the things that make St. John's so grand, heroic, sentimental and just plain weird as modern New York itself.

New York has many great buildings, but it has no enclosed space like St. John's. The cathedral has 17m cubic feet of unencumbered air in which the pinched souls of New Yorkers can flit about.

And it is built to last. In a city of plaster-board and sheetrock, where floors sag, floors do not fit and elementary building crafts have long ago died out, St. John's is still being made by placing one stone on the other by hand.

Every so often, there is talk about using steel or concrete. But the loyalty to medieval methods (except in the roof, which does not count) has held.

St. John's is New York's challenge to the great churches of Europe. Its conception was always wildly ambitious. Though it was laid out on Morningside Heights with the other great Anglican institutions - Columbia University and St. Luke's - was to be a temple for the immigrants pouring into New York.

It was to be a house of prayer for the use of all people.

The original cathedral design by Heins and LaFarge, who won the architectural competition in 1888, specified a Romanesque building.

But the architect, like the bishop of the time, tastes changed, and their design has been sub-merged under a Gothic structure devised by the Boston architect, Ralph Adams Cram. It is grand beyond description.

The church is 600 feet long and the vault over the nave is 124 feet high. Eight monumental columns of Maine granite stand guard at the

high altar. When these were rolled down from the 134th Street landing in 1903, they broke every manhole cover on Amsterdam Avenue. Even the temporary vault over the crossing, which took the Guastavino family just 15 weeks and \$8,500 to build, has kept the rain out for 80 years.

With both transepts unbuilt, the western towers unfinished and no spire, St. John's is bigger than Milan, Liverpool, Seville, Cologne, Chartres, York Minster, St. Paul's and Salisbury. Big John - as it used to be known - is the greatest church in Christendom after St. Peter's in Rome.

In 1924, Franklin Roosevelt said: "Someday soon - we hope in our lifetime - the Cathedral will be an accomplished fact." The fact was otherwise: building stopped in 1941 and was not resumed until 1978.

Big John will not be finished this century, perhaps not next, and probably never. Individual builders fade into insignificance. The names are assigned to the gloom of side-chapels or obscure ecclesiastical anecdotes. But in the late 1980s, four men stand out: a bishop, an impresario, a real estate developer and a mason.

The Right Rev. Paul Moore, Bishop of New York, 68, is tall, white-haired, soft-spoken and courteous. He looks like a retired archangel or an artist's impression of the ideal Episcopalian, in a world where God is still a banker, a Republican and an Episcopalian. He is the sort of churchman an expert would say hemmed in by mink-coated ladies in the porch of St. Thomas's on Fifth Avenue, or consorting with financiers at Trinity, Wall Street, America's richest church outside Texas.

This is a part of Bishop Moore. His grandfather was a railroad baron, his brother a chairman of Bankers Trust. "I was brought up with lots of money," he says. A black cairn terrier, named Plowright after his father's English butler, attends the bishop wherever he goes.

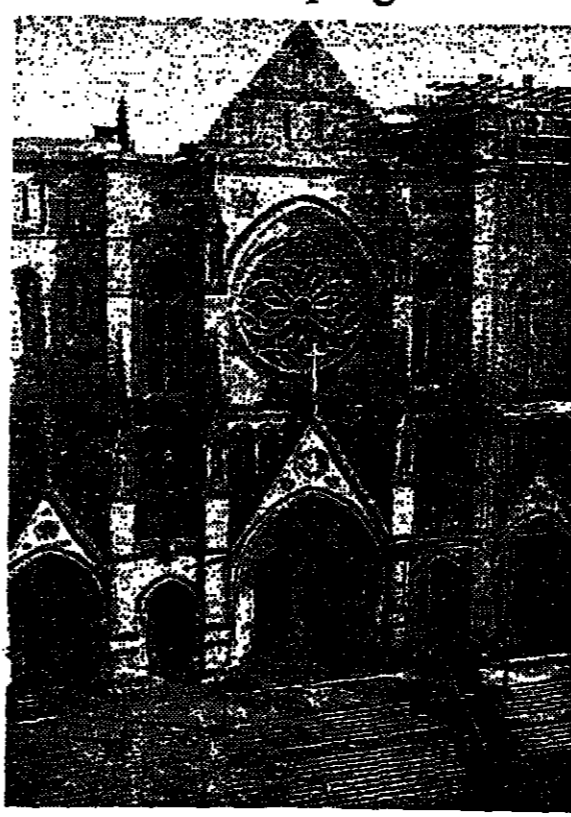
He is also radical beyond any New York Episcopalian. He began his career working in a slum parish in Jersey City, across the Hudson from Manhattan. He has the painful distinction of having been wounded at Guadalcanal and then rear-gassed nearly 25 years later in an anti-war demonstration in Saigon. He is a fierce critic of the Reagan Administration's Latin America policy. And he nearly pulled the Episcopal communion apart by ordaining - in 1977 - a woman who had declared herself a lesbian.

Paul Moore was elected bishop of New York in 1972. From his office in the Synod House in the cathedral close, he would look out over fifty yards of scuffed lawn to the stately towers, the Guastavino vault and the bricked-up hole where the south transept should have been. "The thing was dead in the water," he says.

Nothing had been added since the dedication of the nave the week



Mason at work (left) on the unfinished product



A Godly phoenix

before Pearl Harbour. Bishop Horace William Donegan, who was bishop for 23 years, refused money for building while Harlem was tearing itself apart - rightly," says Bishop Moore. The church had a tiny congregation and no constituency. It was blocks away from any conceivable source of capital.

"I didn't know what to do with it," he says. "I needed the most energetic person I could find to get it going again." That person was a friend from Jersey City days, a Harvard architecture student turned activist priest.

The Very Reverend James Parks Morton, 57, is a large, untidy man with a booming voice and theatrical manner. His enthusiasms are ferocious. His sunny room is buried in minerals, vegetation, architectural drawings, sculpture, books on spiritualism and ecology, and general intellectual bric-a-brac. A former student of Walter Gropius, he was fascinated by Gothic engineering and social architecture even before he heard Bishop Moore preach at

Harvard and decided to become a priest.

Dean Morton wasted no time in turning St. John's into his idea of a medieval cathedral: "Central in a spatial sense and also in the middle of a city's life." He launched programmes for the poor, the homeless and the young people of the area below Morningside Heights and started a campaign to rehabilitate decayed housing. He filled the public part of the cathedral with clowns, circus animals, actors, sculptors, tightrope artists, a poet's corner, ecologists and every liturgy from Judaic to Tibetan Buddhist.

After 15 years in office, Dean Morton presides over an operation with a budget of about \$7m and some 200 employees, and he is as controversial as ever. Conservatives call his theology modish and his medievalism fake. The cathedral had always been strongly ecumenical. But many Episcopalians are aghast at Dean Morton's fondness for lay preachers. "Oh dear," said one devoted churchman on the steps of the nave, "the

dean has his unwed mothers preaching again."

Even the bishop seems exhausted from smoothing ecclesiastical feathers ruffled by some new notion of Dean Morton's. When the dean scandalised the diocese recently by setting up an image of a crucified woman, called "Christa", even the bishop seemed to pause a moment. "That Christa thing, I really wasn't quite ready for that," says the bishop wearily.

But the dean appears to be having fun and he communicates it. Mrs. Lily Auchincloss, a trustee of the cathedral, says: "In 1976, there were very sparse congregations at St. John. Now they are up to 800 or 900. The dean's a real powerhouse." The bishop says: "This is New York and you have to make a splash."

It was Dean Morton who master-minded the new building campaign. He refused to recognise a conflict between the completion of the fabric and the cathedral's mission to the poor of Morningside Heights and Harlem. The young people of the

neighbourhood would be trained and paid to build the cathedral themselves.

The idea caught the imagination of New York, which loves the grand - even corny, and simply attached cut by machine and masonry had died out in the US. To revive it, St. John's had to look to Europe.

The medieval cathedrals were financed by selling indulgences or sending miraculous relics on tour. Mr Ben Holloway, 62, who became chairman of the building fund in 1982 after several false starts, put his trust in compound interest. "When I was brought in, I saw that raising money hand-to-mouth just would not work," he says. "What they needed was an endowment."

A vestryman of Trinity, Wall Street, Mr Holloway has been assembling real estate projects for the vast Equitable Life insurance group since 1951. He seems to know everybody in New York, Christian or Jew, and he knows how to part them from their money. So far, he has raised \$15m in large donations from the likes of Donald Trump, the prince of New York developers, and Equitable Life itself.

Nobody knows how much the building will cost. Back in the 1890s, the budget ran over when the builders could not find bedrock under Morningside Heights. The great Wall Street financier J.P. Morgan gave an extra \$500,000 "to get us out of the hole." The foundations still went down 72 feet. In 1931, a writer described St. John's as "a hungry adifice which swallows a million dollars as a hippo engulfs a peanut."

Mr Holloway believes the builders need \$5-7m a year. That suggests a capital sum of about \$30m but the about \$30m the fund should become self-supporting. He expects to reach this crossover point next spring.

Mr Holloway is crucial to the building for another reason. He has set his face against using modern - and cheaper - materials. The Rev. Canon George Wickesham, who has been worshipping at St. John since the 1920s, says: "My main concern in life has been to put the cathedral on the road to completion properly. If you get into steel construction, you get Disneyland. But the power over the finishing line with the dean, the bishop and Mr Holloway - and they all want it finished properly."

Even Mr Trump, a man famed in New York for getting things done at speed, has been won round to stone. "Donald said, 'Why do we fool around with that?'" Mr Holloway said. "Why not just build a building," he said. But the point is we need to train these people as stone-cutters. The cathedral can't be done like a modern building."

In 1978, no monumental stone building had gone up in New York since the Empire State 37 years before, and there the limestone was cut by machine and masonry had died out in the US. To revive it, St. John's had to look to Europe.

The first master mason at the stoneyard was Mr James Bambridge, an Englishman who presided over the restoration of Wells and the completion of the great Anglican cathedral in Liverpool. He has been succeeded by Mr Alan Bird, who worked at Wells.

Mr Bird, who is "36 going on 60" is a most unusual person to find in Manhattan. With his clear gaze, rollicking gait and thick Somerset accent, he evokes intense homesickness in expatriate Englishmen. Rather than live amid the horrors of Manhattan, he commutes from miles away in the upstate countryside. His first trip in an aeroplane was to New York.

Mr Bird has a force of about 30 people, more in summer, fewer in winter. These include the apprentices and journeymen, who are mostly black or Hispanic. They work in sheds up against the north-east wall of the cathedral. The shed walls are hung with large templates and arrays of faded building charts where every stone is marked precisely in place.

New Yorkers like to think that the apprentices are all former street-fighters and crack-dealers who have seen the light. The young men ham this up horribly. But it can take three months to polish a single ashlar, as the basic building block is known, and they are intensely serious. "The ones that stay are definitely enthusiastic," says Mr Bird. "It's not everybody's cup of tea to eat stone dust all day."

Critics say the stoneyard is Dean Morton's Titanic, where young people are learning a useless skill in rather decorative surroundings. Dean Morton retorts: "There is an absolute value in learning a craft. And they will be employed long enough."

Nobody will predict how long that will be. The western towers alone will require 20,000 stones and would take till the late 1990s at full steam. Then comes the transepts and crossing, and a new roof for the choir. The central spire, or tower in Cram's design, figures only in dreams.

But Alan Bird, master mason, can reckon in decades. "I hate that word 'master'," he says. "It takes a lifetime and a half to be a master. In 20 years, you don't become master of nothing."

"I knew a guy who worked '52 years on a building. He used to say: the building is the master."

Saleroom Frail vessels Antony Thorncroft looks at a market that offers something for every taste and pocket SOTHEBY'S IS making a great fuss about a tiny tea bowl which carries the signature of Armand Laigne and the date 1749. It is rare because it is a trial piece by one of the senior painters of the Vincennes porcelain factory; he used it to try out colours and brush strokes. Somehow, it passed to an English family who produced it at a valuation day in Kent. Only one other is known: hence the estimate of up to £15,000. It will be sold on February 22 at a new type of auction at which Sotheby's is grouping ceramics (both English and Continental) and glass, by period, up to around 1820. In the past, its ceramics sales went through to the late 19th century, making some uncomfortable bedfellows, and excluded early glass. It is one

Star item: a Southwark Delft blue and white wine bottle, dated 1628, which is expected to fetch more than £12,000. Sotheby's weirdest group at its auction on February 22 and 23 is the white salt-glaze figures discussed by Janet Marsh on this page. Its oldest is some medieval utensil dating from the 13th century but in remarkably good condition. Most were found during 18th century excavations in the City of London and they are being sold in the Pitt Rivers Museum of Dorset. The star item is a witch's mug of the 16th century which was packed with such ritualistic ingredients as nail clippings to ward off the evil presence. It carries a ludicrously low top estimate of \$350. There is plenty from the 18th century on offer. Sotheby's agrees that Derby figures are going cheap and also highlights the early 19th century Newcastle factories like St Anthony - a cow creamer from there is estimated at up to \$500, a food rise in two years ago. Most of the items - Wedgwood, Staffordshire, Lowestoft - are not much more expensive than they were 10 years ago. How is up slightly; early Chelsea is in demand; rare items and anything in perfect condition can command the usual premium. But really this is the buyer's market sublime. The salerooms would nourish new collectors; the dealers would also give them a grudging welcome since, once bitten, they inevitably will visit the shops. Huge quantities of the finest English porcelain went west in the 1970s. Until it returns, the market will stay quiet. But this breathing space provides marvelous opportunities for a new generation of enthusiasts to feel their way in, perhaps starting with the obvious appeal of Worcester and moving on to the aesthetically pleasing Chelsea before ending up with rough-hewn Delft. That is the glory of ceramics - something for every taste and pocket.

Bears out of hibernation Janet Marsh sees Ursus Horribilis becoming a collector's item AN UNUSUALLY large group of 18th century salt-glaze jugs modelled in the form of bears, which appears in a Sotheby's ceramics sale on February 22, reflects vividly the long-standing and ambivalent relationship of the British with Ursus Horribilis and his relations. The jugs are of a type apparently made around 1740. The modelling is naive and the animals are covered with clay 'chippings to simulate fur. Brown slip is used to provide round, goggly eyes and decorations on the collar. The head is formed as a detachable cover which, when times serves as a cup. These bears are of a white species made in Staffordshire, while the denizens of the Nottingham stoneware potteries generally were brown. At first glance the bears display only an amiable, teddy-bear comicality; but attention to the details of the chains piercing the nose and the dogs clutched in the forepaws, reveal that they actually celebrate one of the nastier 'sports' once practised in Ashby-de-la-Zouch. It caught on with the monarchy and nobility. In feudal times bears were maintained by a tax on the peasantry, whose compensation was to be allowed in to see the baiting. Bear-baiting is supposed to have been introduced during the reign of Bad King John when a band of Italians delighted him with a display at Ashby-de-la-Zouch. It caught on with the monarchy and nobility. In feudal times bears were maintained by a tax on the peasantry, whose compensation was to be allowed in to see the baiting. The bear was secured to a staple in the ground with a 15ft chain. The owner of a competing dog would hold his animal in front of the quarry by the curb. When released, the dog was so wild with fury that it would go straight for the head of the bear, running the risk either of being hugged to death or crushed by the bear rolling over on it. The bears were, of course, costly to import; and although the audience expected blood the animals generally were preserved and repaired for another day. Only when rich fanciers subscribed sufficient sums were they worried to death: in 1716, at the request of several persons of quality... is one of the largest and most mischievous bears that ever was seen in England to be baited to death.

MODERN DESIGN - WHAT'S ITS VALUE? There is great popular interest in Art Deco, Art Nouveau, Arts & Crafts, and post-war design - the functional art of modern times expressed in silver, ceramics, glass, metalwork, furniture, and textiles. Margaret Bishop of Bonhams offers you a free valuation of any modern decorative arts whether you want to sell at auction or not. Just send in the name, address, a photograph if you have one. She will advise if she needs to inspect your property. This chased wine glass attributed to a design by Otto Prutscher for the Wiener Werkstatte c. 1910 is estimated to fetch from £400 to £700 at our Sale of Modern Decorative Arts Friday 19th February at 11.00 a.m. Viewing from Tuesday

CELEBRATE THE AUSTRALIAN BICENTENARY AT PHILLIPS. Australia's bicentenary celebrations have ignited great interest in colonial and topographical pictures among collectors and trade alike. This has led to record prices being achieved. To offer our clients the opportunity to take maximum advantage of the current market position, Phillips are holding an auction devoted to colonial and topographical pictures on 19th April. We can accept items for inclusion in this sale until 19th February. So, if you have any paintings in these areas you are thinking of selling, or would simply like a free verbal valuation without obligation, please bring them in or telephone Andrew Clayton-Payne (ext. 213) for watercolours or John Dalny (ext. 211) for oil paintings, on 01-629 0662. You will find our knowledge most rewarding.

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150 من الالصل

ARTS

Clement Crisp reports from the Paris Opera Ballet

The soul of Serge Lifar lives on

THE PARIS Opera Ballet is paying homage this month to Serge Lifar, who died a little over a year ago...

Laurent Hilaire, combining panache with academic integrity, was a memorable delight. As was Sylvie Guillem, who brought to the ravishing Cigarette variation a breadth of physical power...

into something like three-travelers. These are works which help form the taste of a generation of French dance-lovers...



Charles Jude as Icarus

This evening's offerings provide a fair view of Lifar's qualities as a dancer and choreographer. We see his longing for a poetic vocabulary, his intellectual aspirations...

Drama at the Theatre Library

HOW DO you sell a library - not in terms of realising its assets for short term gain, but with the aim of preserving and nurturing it for the future?

The BTA offers a unique service to thespians which is seriously threatened by lack of cash. Claire Armitstead reports



grammes and publicity? Having one's identity emblazoned on a library's book hardly has the same caché.

When the BTA lost its Arts Council backing two years ago it was privately agreed that the move was a mistake. In abiding by its resolution to fund only producing companies, the Arts Council had cut out at its institution whose contribution to that production were unquantifiable and irreparable...

of joining up with the British Theatre Library has been mooted in the past and dismissed out of hand by BTA staff who believe that they have an experience in, and commitment to, running a theatre archive that could not be maintained by an institution with conflicting priorities to business and established procedures to follow.

all-women cast in a church hall without any doors and the answer, if there is one, will be produced within minutes. Answering queries by mail and telephone is by far the biggest part of the BTA's work...

The problem, argues Sally Meades, begins with nationwide attitudes to cost and effectiveness. Excluding the BTA from 'producing theatre' is ridiculous, since it is at the very source of producing theatre.



Joanne Campbell, Joan-Ann Maynard and Pauline Black

Trinidad Sisters

Martin Hoyle reviews a Caribbean version of Chekhov's Three Sisters

THE TRINIDAD-BORN playwright Mustapha Matura has already transplanted an Irish classic to the Caribbean in The Ploeg of the West Indies. Now with same director Nicolas Kent, temporarily in exile from Kiburn's fire-damaged Tricycle Theatre, Matura's updated transatlantic Chekhov, Trinidad Sisters, takes the stage at the Donmar, Covent Garden.

hopes for a golden age. The action covers nearly five years. We hear the authentic BBC voices over the radio briefly touch on Dunkirk and the landings in Italy. By the last act the adapter's inventiveness has flagged and we are left with a fairly literal equivalent of Chekhov's speeches as the Caribbean flavour ebbs away.

white, the play underlines what we always suspected of Chekhov's siblings: they can never go back, they would feel outsiders there as well. The new play has a poignancy all its own. It is helped by lovely performances: from Joan-Ann Maynard's Olga who gets the chance to give her odious sister-in-law more of a talking-to than Chekhov allowed; from Joanne Campbell's librarian Irene; and from the strikingly beautiful Pauline Black as a Marsha who enters into infidelity with a jaunty, hip-swinging elegance.

Records

Speaking about the unspeakable

THE BBC has issued another of its outstanding documentary recordings, The War In Korea 1950-1953, compiled by the BBC Sound Archivist, Mark Jones, to coincide with the 4-part TV series shown during January. For most people in this country the Korean war was war at one remove; it was the United Nations, not the UK as such, that fought to contain the invasion of South Korea by the communist forces of North Korea and, later, China.

responsibilities and harangues his fellow countrymen for not giving him more support; General Douglas MacArthur talks about himself; General Ridgway of the US Army pays moving tribute to the Gloucesters' stand on the Imjin River, and in few words Pte. Speakman describes the action in which he earned his VC; with dignity an Army chaplain talks about his POW camp.

Radio

Come in, Romeo

I HEARD seven plays on the radio this week, but none delighted me as much as Gwen Frangon-Davies talking to Nigel Hawthorne in Still a Juliet (Radio 4, Tuesday). At 97, Miss Frangon-Davies still has the voice of a young woman, and she speaks Shakespeare's lines to a standard that will last a century.

3 puts on Ronald Pickup at least once a week these days, as if he were Gordon Clough or somebody. Neither player, nor director David Johnston, sustained my interest for the full hour.

French week on Radio 3, Tuesday gave us Dumas fils, Armande's Principles, one of his socially conscious pieces, though, and tried to marry her to the amorous Valmoreaux; but Jeannine tricks her with a story of invented lapses, and the end Madame must consent. It is a touching and even exciting play, with a slap at French morals of 1867, and there was good playing especially from Susan Fleetwood and Jane Snowden (Madame and Jeannine) and Stephen Tomkinson (Armande). Peter Kavanagh directed, and the text was by Joanna Richardson.

The Saturday play, Melford's Azé by Roderick Graham, follows the fictional fortunes of an Army Farrier-Sergeant (Struan Rodger) who volunteered to execute Charles I. He was rewarded with a commission, prospered with his wife (Sara Kestelman) and two sons, he became a JP. But when Charles II was restored, he feared accusation as a regicide. He was commanded to meet the new King on an official tour, and resolved to ask forgiveness. But the King had spotted a woman, the moment never came, and a wholly pleasant story ends when Melford was buried with his farrier's axe.

B.A. Young

Records

Speaking about the unspeakable

Lord of the Rings: the BBC's brilliant adaptation of the latter with a star-studded cast led by Ian Holm, Michael Hordern, Robert Stephens and Peter Woodthorpe was first broadcast in 1981 and repeated last year, and has now been issued as a set of 13 hour-long cassettes, beautifully packaged. Mail order sales were phenomenal and it has now been made generally available through book and record stores. It is an acting, wonderful sound effects - if Tolkien is for you, hear it.

first-rate. From Argo comes a superb selection of short stories and poems by D.H. Lawrence, called Tickets Please after the final story (SAY Series 418 177-4, 2 cassettes). The four cassettes, Tim Pigott-Smith, Wendy Hiller, Peter Orr and Imogen Stubbs, splendidly encompass high drama, tragedy and wry comedy in the four stories, plus 34 poems. LFP also offers The Thrifters by Betty Glor (LFP7302; 2 cassettes), five good stories from the collection of that name, read by TV's current Miss Marple, the excellent Joan Hickson; and an enjoyable Selection of 12 cassettes, abridged by Frank Herbert. The White Plague is set in contemporary Ireland, US and England and describes the appalling revenge exacted by an American scientist who sees his wife and children killed by a remote-controlled terrorist bomb. One clanging scientific mispronunciation; otherwise Bradford Dillman's reading is

Mary Postgate

Table with 2 columns: Classified Advertisement Rates and prices per line/week.

Advertisement for 'The modern guide to music and more. On sale now' with a circular logo.

Advertisement for Art Galleries listing various art exhibitions and contact information.

PICK OF THE WEEK AT CHRISTIE'S

Sir Noel Coward Jamaican Bay

Noel Coward was an enthusiastic painter throughout his life, producing some of his most accomplished works during the 1960s in Jamaica. This example is typical of his vibrant Jamaican pictures, displaying a keen interest in crowds, landscape and a strong sense of theatrical design.



8 King St, London SW1 85 Old Brompton Rd., London SW7 164-166 Bath St., Glasgow

WEEKEND FT

SPORT

Tennis / John Barrett

New stars in a different league

Britain's players have much to gain from the format of an entertaining contest

IT IS fortunate that Weybridge Council remove the football posts from the local park each summer. Otherwise Danny Sapsford, the 18-year-old from Surrey with seven national junior titles to his credit, would never have taken up tennis. Nor would he be joining his team-mates of Chiswick Volvic this evening in the first matches of the 1988 Mortgage Corporation National League.

This weekend, at 12 indoor tennis centres around Britain, cheerleaders will be rousing the fans to support their local team. Other than Danny Sapsford, the 18-year-old from Surrey with seven national junior titles to his credit, would never have taken up tennis. Nor would he be joining his team-mates of Chiswick Volvic this evening in the first matches of the 1988 Mortgage Corporation National League.

public had been achieved. As Ian Peacock, the LTA Executive Director, said as we sat watching one of the early matches: "A year ago these 1,200 people would have been watching TV or dancing at the disco on a Saturday night. Now here they are getting thoroughly involved in some excellent tennis. That has to be encouraging."

Encouraging it certainly was, too, for the young British players who found themselves thrust into the tension-packed team events. As Britain's latest Davis Cup recruit, 19-year-old Chris Bailey of Norwich, recalls, "Last year, playing No. 4 for Birmingham Storm Seal Troopers, I had to go out on the first night in front of 1,500 people knowing I had to win the set. I was scared witless."

The British No. 1, Andrew Castle, was in the same team. "I remember how nervous Chris was," he said. "But what wonderful conditioning it was for Davis Cup matches and tournaments. The League is helping to get used to playing in front of large crowds. And we all benefited from having to start fast."



Andrew Castle: League is "a fantastic concept which is helping to rid tennis of its elitist image"

Castle views the British scene from an interesting perspective. He was only out No. 3 junior in 1972 when he made the decision to accept a scholarship at Wichita State University in the US. "That gave me the chance," he recalls. "If I hadn't gone to America for four and a half years I would not be playing tennis now. The family could never have afforded it. As it was Mum and Dad made huge sacrifices to help me as a junior. They ran a fish and chip shop in Taunton and money was always tight. One year, when I was playing at Cheltenham, Mum would drive me there in the morning, come back to the shop, then return to collect me after my matches and go back to the shop for the evening session, which sometimes ended at 1.00 am."

This preoccupation with finance in junior days is a familiar story to families with aspiring youngsters. Chris Bailey, a strapping 6ft 4ins and 13st stone, looks a fine prospect now. His ATP ranking of 339 will improve as a result of qualifying for the Masters event on the current Satellite Circuit, where this week he was within a whisker of beating Castle.

players) I don't know what we would have done."

The Laing Squad also proved salvation for Colin Beecher, the new British Junior Covered Court Champion. A tall, skinny 17-year-old, Colin is one of three boys who have attended the LTA's residential training school at Bisham Abbey since the beginning four years ago.

"That has been a great experience," he says, "but it was very expensive last year going round to weekend tournaments. Even with the £1,250 I won for coming second on the Dewhurst Circuit and the £250 I won at each of the two Volkswagen Ratings tournaments, money was still very tight. But now I can concentrate solely on my tennis. This last junior year is an important one for me. I need to get a good ITF ranking, perhaps a rating of 100, to get some ATP points on the satellites."

All players live or die by their international ATP ranking, which governs entry to all official tournaments. Sapsford is a year older than Beecher. For him the junior days are over. He is already out in the senior jungle. "It was a great thrill when Max (Pesch) and I took Britain to the World Cup last December. I had established myself as a junior. Other players started to respect me and thought they had to beat my name. Now everything is equal."

Like Bailey and Beecher, Sapsford is one of the players signed up for Chiswick Volvic by team manager Paul Hutchins, the former British Davis Cup captain. Danny is delighted to be included. "This League is so good for all of us. We all earn a bit of money, we learn to play under pressure and we get recognition." For Danny, this week's match was a practice in starting fast - a quality he will need for his opening match at the Telford Satellite tournament next week, where he is a wild card entry. "I've already got my first ATP point," he said. "This will give me the chance to earn more."

Rugby / John Kitching

England's forwards have the spirit, but changes are need in the midfield lineup



INTERNATIONAL rugby is a pretty serious business, so let's ease in with some fun. There is a story about a scrum-half who was being given his scrum-half new line-out signals. "An 'O' is a throw to the front and an 'E' a throw to the middle," he was told. At the first line-out he called: "Oedipus."

Something akin to that seemed to happen to the English line-out in the second half against Wales at Twickenham last Saturday. Robert Norster and the evergreen Phil May started to clear up so conclusively that John Orwin and Wade Dooley became shadows of their Parc des Princes selves.

So what went wrong against Wales after so much had seemed to go right in Paris? First, let us set that match in context. The French players were immensely experienced, with 439 caps and 62 tries to their credit; but they were looking jaded. Further evidence of lethargy came in their defeat by Scotland last Saturday, so perhaps England were made to look better than they were.

Trouble in the heart

cap you find the whole side play for you. They look after you, knowing you're feeling your way. Skinner, who is 25, says the gulf between the top-class club rugby and the international game is enormous. "You can't be too fit to play at that level; the physical commitment is amazing. I woke up on Sunday after the Paris game and I ached all over. It was very hard, but it goes by so quickly you don't have time to notice."

Fouroux, said afterwards: "I asked myself, do the French players get enough pleasure from the game? Do they really want to win? At the moment, I have no answer. There was much more enthusiasm and heart from Scotland, but there will not be a revolution. However, a couple of days ago he did stage a minor revolution, dropping four of the forwards."

So, attention now turns to next Saturday when Ireland visit the Parc des Princes and Scotland journey to the cauldron of Cardiff. With some of the French forwards looking as if they train on *bonnie noor*, the sprightly Irish ought to get the better of them. Only Llorca (one of the few Scotland-rowers rumoured to quit his post to become a game) looks to have much more to go. Indeed, the once-great back-row seem to have got up and gone.

The Irish, on the other hand, are in great heart and their captain, John Heffer, is a line-out forward of genuine world class. Michael Kiernan and Brendan Mullin have now delivered what they promised for so long: an incisive midfield duo who know each other's game.

SATURDAY

Programme in black and white
BBC1
8.55 am Saturday Starts Here, 8.58am Royal Mail, 9.25am News, 9.50am Today, 10.25am News, 10.50am Today, 11.20am News, 11.55am Today, 12.25pm News, 1.00pm Today, 1.30pm News, 2.00pm Today, 2.30pm News, 3.00pm Today, 3.30pm News, 4.00pm Today, 4.30pm News, 5.00pm Today, 5.30pm News, 6.00pm Today, 6.30pm News, 7.00pm Today, 7.30pm News, 8.00pm Today, 8.30pm News, 9.00pm Today, 9.30pm News, 10.00pm Today, 10.30pm News, 11.00pm Today, 11.30pm News, 12.00am Today, 12.30am News, 1.00am Today, 1.30am News, 2.00am Today, 2.30am News, 3.00am Today, 3.30am News, 4.00am Today, 4.30am News, 5.00am Today, 5.30am News, 6.00am Today, 6.30am News, 7.00am Today, 7.30am News, 8.00am Today, 8.30am News, 9.00am Today, 9.30am News, 10.00pm Today, 10.30pm News, 11.00pm Today, 11.30pm News, 12.00am Today, 12.30am News, 1.00am Today, 1.30am News, 2.00am Today, 2.30am News, 3.00am Today, 3.30am News, 4.00am Today, 4.30am News, 5.00am Today, 5.30am News, 6.00am Today, 6.30am News, 7.00am Today, 7.30am News, 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